

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

FEDERAL HOUSING FINANCE AGENCY, etc.,

Plaintiff,

v.

HSBC NORTH AMERICA HOLDINGS, INC., et al.,

Defendants.

11 Civ. 6189 (DLC)

**DEFENDANTS' LOCAL RULE**  
**56.1 COUNTERSTATEMENT**  
**OF MATERIAL FACTS AND**  
**REPLY TO PLAINTIFF'S**  
**STATEMENT OF**  
**UNDISPUTED MATERIAL**  
**FACTS**

FEDERAL HOUSING FINANCE AGENCY, etc.,

Plaintiff,

v.

GOLDMAN, SACHS & CO., et al.,

Defendants.

11 Civ. 6198 (DLC)

FEDERAL HOUSING FINANCE AGENCY, etc.,

Plaintiff,

v.

NOMURA HOLDING AMERICA, INC., et al.,

Defendants.

11 Civ. 6201 (DLC)

FEDERAL HOUSING FINANCE AGENCY, etc.,

Plaintiff,

v.

ALLY FINANCIAL INC., et al.,

Defendants.

11 Civ. 7010 (DLC)

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## TABLE OF ABBREVIATIONS

<b>Actions</b>	<i>FHFA v. Goldman, Sachs &amp; Co. et al.</i> , No. 11 Civ. 6198 (DLC); <i>FHFA v. Ally Financial Inc., et al.</i> , No. 11 Civ. 7010 (DLC); <i>FHFA v. HSBC North America Holdings, Inc. et al.</i> , No. Civ. 6189 (DLC); <i>FHFA v. Nomura Holding America Inc., et al.</i> , No. 6201 (DLC)
<b>AMO</b>	Freddie Mac Alternative Markets Operations group
<b>APL</b>	Anti-predatory lending
<b>AVM</b>	Automated valuation model
<b>Certificates</b>	The specific RMBS that Fannie and Freddie allegedly purchased from the Securitizations at issue in the Actions
<b>Clayton</b>	Clayton Holdings LLC
<b>CLTV</b>	Combined loan-to-value ratio
<b>CCRM</b>	Freddie Mac Counterparty Credit Risk Management
<b>Credit Rating Agencies</b>	Moody's Corporation, Standard & Poor's Ratings Services, and Fitch Group
<b>Defendants</b>	Defendants Goldman Sachs, HSBC, Nomura and RBS
<b>DTI</b>	Debt-to-income ratio
<b>EPDs</b>	Early payment defaults
<b>EORM</b>	Freddie Mac's External Operational Risk Management
<b>Fannie Mae</b>	Federal National Mortgage Association
<b>Freddie Mac</b>	Federal Home Loan Mortgage Corporation
<b>FHFA</b>	Federal Housing Finance Agency, the regulator of Fannie Mae and Freddie Mac, which brings these Actions in its capacity as their conservator
<b>Goldman Sachs</b>	Defendants Goldman, Sachs & Co., GS Mortgage Securities Corp., Goldman Sachs Mortgage Company, The Goldman Sachs Group, Inc., Goldman Sachs Real Estate Funding Corp., Howard S. Altarescu, Kevin Gasvoda, Michelle Gill, David J. Rosenblum,

Jonathan S. Sobel, Daniel L. Sparks and Mark Weiss

<b>GSE</b>	Government-Sponsored Entity (here, Fannie Mae and/or Freddie Mac)
<b>HVE</b>	Freddie Mac's Home Value Explorer AVM
<b>HUD</b>	U.S. Department of Housing and Urban Development
<b>HSBC</b>	HSBC North America Holdings Inc., HSBC USA Inc., HSBC Markets (USA) Inc., HSBC Bank USA, N.A., HSI Asset Securitization Corporation, HSBC Securities (USA) Inc., Neal Leonard, Gerard Mattia, Todd White, and Jon Voigtman
<b>Harsch Declaration or Harsch Decl.</b>	Declaration of Bradley A. Harsch, Pursuant to Fed. R. Civ. P. 56(D) in Opposition to FHFA's Motion for Partial Summary Judgment
<b>LTV</b>	Loan-to-value ratio
<b>Nomura</b>	Nomura Holding America Inc., Nomura Asset Acceptance Corporation, Nomura Home Equity Loan, Inc., Nomura Credit & Capital, Inc., Nomura Securities International, Inc., David Findlay, John McCarthy, John P. Graham, Nathan Gorin, and N. Dante LaRocca
<b>OFHEO</b>	Office of Federal Housing Enterprise Oversight, the former regulator of Fannie Mae and Freddie Mac
<b>Offering Materials</b>	The offering materials for the Securitizations in the Actions
<b>Opus</b>	Opus Capital Markets Consultants LLC
<b>Originator(s)</b>	Any originator that originated loans underlying the Securitizations
<b>PLAT</b>	Fannie Mae Private Label Advisory Team
<b>PLS</b>	Private label securities
<b>PM&amp;P</b>	Freddie Mac's Portfolio Management & Pricing Group
<b>Prospectus Supplements</b>	The prospectus supplements filed with the SEC pertaining to the Securitizations
<b>RMBS</b>	Residential mortgage-backed securities
<b>RPS</b>	Fannie Mae's Retrospective Property Valuation System

<b>SEC</b>	U.S. Securities and Exchange Commission
<b>SF CPRM</b>	Fannie Mae's Single Family Counterparty Risk Management group
<b>Securitization</b>	The PLS from which the GSEs purchased the Certificates at issue in these Actions.
<b>SLG</b>	The supporting loan groups for the Certificates

Pursuant to Civil Rule 56.1 of the Local Rules of Civil Procedure for the Southern District of New York, Defendants respectfully submit this response to Plaintiff's Statement of Undisputed Material Facts and Counterstatement of Material Facts regarding Plaintiff FHFA's Motion for Partial Summary Judgment on the GSEs' Knowledge. In addition, as set forth in the accompanying Harsch Declaration, Defendants believe that the evidence summarized in this Counterstatement demonstrates that there are material issues of fact concerning whether the GSEs were aware of the alleged misstatements, but that they have been deprived of additional discovery that also is essential to their defense against FHFA's claims.

## **I. DEFENDANTS' JOINT RESPONSE TO FHFA'S STATEMENT OF FACTS**

1. Undisputed that certain Defendants issued certain of the Securitizations.
2. Undisputed that the Securitizations were issued pursuant to shelf registration statements and prospectus supplements, which contained representations and other statements by various entities related to the four categories outlined above, and those representations and statements included cautionary language and other disclosures informing the GSEs of the risks associated with underlying loans. Defendants incorporate into this paragraph their responses to paragraphs 20 and 23, including Tables A-E.
3. Undisputed that the Offering Materials included representations from various persons, and disclosures concerning the four categories described in ¶ 3.
4. Undisputed that the Offering Materials for the Defendants were distributed and made available to potential purchasers.
5. Undisputed that, for each offering, the GSEs were provided with one or more of: a term sheet, a preliminary prospectus supplement and a free writing prospectus.

6. Undisputed that FHFA filed amended complaints in the Actions on either June 12, 13, or 28, 2012, asserting claims against Defendants for, among other things, violations of Sections 11 and 12 of the Securities Act and related provisions of the Virginia and D.C. Blue Sky Acts, and that FHFA currently seeks damages from the remaining Defendants.

7. Undisputed that FHFA has produced over 19 million pages, defendants in the 16 coordinated actions have produced approximately 200 million pages, and third parties have produced at least 14 million pages of non-loan file documents alone. As set out in the Harsch Decl. (which is incorporated into this paragraph) Defendants believe that they have been deprived of additional discovery that also is essential to their defense against FHFA's claims.

*See generally* Harsch Decl.

8. Disputed. FHFA continued to produce documents and take party discovery after December 6, 2013. *See* Endorsed FHFA Ltr. To Court, Dec. 10, 2013, *FHFA v. Goldman, Sachs & Co., et al.*, 11 Civ. 6198 (DLC), D.E. No. 566, and third party fact discovery is ongoing as of the date of filing of this Statement. *See* Endorsed FHFA Ltr. to Court, May 23, 2014, *FHFA v. Goldman, Sachs & Co., et al.*, 11 Civ. 6198 (DLC), D.E. No. 714.

9. Undisputed.

10. Undisputed that Fannie Mae purchased a Certificate from the A-1A tranche of the GSAMP 2005-AHL2 Securitization on December 28, 2005.

11. Undisputed that the GSAMP 2005-AHL2 prospectus supplement included the language cited in ¶ 11, as well as other disclosures related to the origination and underwriting of the underlying mortgage loans. *See infra* ¶ 20. In this and all other responses in this Statement, except as explicitly noted otherwise, Defendants dispute that "the Goldman Sachs Defendants" or any other similar collection of defendants took any particular action, either

collectively, individually or otherwise. In this particular instance, GSAMP Trust 2005-AHL2 acted as Issuer of that Securitization and only certain of the Goldman Sachs Defendants were involved in the preparation of the Offering Materials for that Securitization. As the Supreme Court noted in *Janus Capital Group, Inc. v. First Derivative Traders*, 131 S. Ct. 2296, 2302 (2011), the “the maker of a statement” is one who has “ultimate authority over the statement, including its content and whether and how to communicate it.” Furthermore, in this and all subsequent responses in this Statement, wherever Defendants do not dispute that offering documents include statements or language quoted by FHFA, except as explicitly noted otherwise, Defendants dispute that those statements or language constitute a contractual “representation.” The language quoted above appears following a preamble stating that “[t]he *information* set forth in the following paragraphs has been provided by Accredited.” Ex. 1 at S-37 (emphasis added).<sup>1</sup>

12. Undisputed that the GSAMP 2005-AHL2 Prospectus Supplement included the language cited in ¶ 12, as well as other disclosures related to owner-occupancy, valuation of the loans and credit ratings, and the calculation of those figures. *See infra* ¶¶ 21-23.

13. Undisputed that Freddie Mac purchased a Certificate from the 1A-1 tranche of the GSR 2007-OA2 Securitization on October 29, 2007.

14. Undisputed that the GSR 2007-OA2 Prospectus Supplement included the language cited in ¶ 14, as well as other disclosures related to owner-occupancy, valuation of the loans and credit ratings, and the calculation of those figures. *See infra* ¶¶ 21-23.

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<sup>1</sup> All exhibits cited herein are attached to the June 3, 2014 Declaration of Megan Bradley in Support of Defendants’ Local Rule 56.1 Counterstatement of Material Facts and Reply to Plaintiff’s Statement of Undisputed Material Facts.

15. Undisputed that the GSR 2007-OA2 Prospectus Supplement included the language cited in ¶ 15, as well as other disclosures related to owner-occupancy, valuation of the loans and credit ratings, and the calculation of those figures. *See infra* ¶¶ 21-23.

16. Undisputed that the GSAA 2006-8 term sheet included the language cited in ¶ 16 as well as other disclosures related to the calculation of those figures. *See infra* ¶¶ 21-23.

17. Undisputed that the GSAA 2006-8 prospectus supplement included the language cited in ¶ 17, as well as other disclosures related to owner-occupancy, valuation of the loans and credit ratings, and the calculation of those figures. *See infra* ¶¶ 21-23.

18. Undisputed that the preliminary prospectus supplement dated October 11, 2017 for GSR 2007-OA2 included the language cited in ¶ 18, as well as other disclosures related to owner-occupancy, valuation of the loans and credit ratings, and the calculation of those figures. *See infra* ¶¶ 21-23.

19. Undisputed that the GSR 2007-OA2 Prospectus Supplement dated before October 17, 2007 included the language cited in ¶ 19, as well as other disclosures related to owner-occupancy, valuation of the loans and credit ratings, and the calculation of those figures. *See infra* ¶¶ 21-23.

20. Except where otherwise noted, undisputed that ¶ 20 and Table 1 cite pages from the identified Prospectus Supplements that include disclosures concerning whether mortgage loans were underwritten generally or substantially in accordance with Originators' underwriting guidelines. The Offering Materials include additional disclosures concerning origination and underwriting guidelines as specified in Table A:

<b>Table A: Goldman Sachs' Additional Disclosures Regarding Compliance with Underwriting Guidelines</b>		
<b>Securitization</b>	<b>Prospectus Supplement Page Number</b>	<b>Originators</b>
ACCR 2005-4	Ex. 6 at S-44; S-62; S-84; S-86	Accredited Home Lenders
AHMA 2006-1	Ex. 7 at S-20; S-21; S-34; S-34-S-36	American Home
FFML 2005-FF8	Ex. 8 at S-10; S-28; S-33-S-35; S-78; 26-27	First Franklin
FFML 2005-FF11	Ex. 9 at S-11; S-29; S-34; S-35-S-36; S-78	First Franklin
FFML 2006-FF13	Ex. 10 at S-13; S-31; S-37; S-38; S-100; 10-11; 29; 30	First Franklin
FHLT 2006-E	Ex. 11 at 32; 40; 41; 77; 78	Fremont
GSAA 2005-11	Ex. 12 at S-12; S-35; S-42; S-43; S-44-S-48; S-103; 22-23	GreenPoint National City SunTrust GSMC
GSAA 2005-14	Ex. 13 at S-13; S-34-S-35; S-41-S-45; 10	GreenPoint, National City and SunTrust Mortgage
GSAA 2005-15	Ex. 14 at S-13; S-34; S-40-S-49; 10; 27	Countrywide, GreenPoint, National City
GSAA 2006-2	Ex. 15 at S-20; S-43; S-50; S-51; 10; 27	Argent Mortgage
GSAA 2006-4	Ex. 16 at S-23; S-41; S-48; S-49; S-52-S-54-S-57; 10; 27	Countrywide, GSMC
GSAA 2006-5	Ex. 17 at S-16; S-21; S-43; S-49; S-50; S-53; S-54; 9-10; 27	Countrywide GreenPoint, GSMC
GSAA 2006-8	Ex. 3 at S-8; S-22; S-44; S-49; S-50; S-52; S-54; S-55; S-57; S-58; 10-11; 29-30	Countrywide Wells Fargo First National Bank of Nevada, GSMC
GSAA 2006-11	Ex. 18 at S-8; S-22; S-45; S-50, S-51-S-55; S-57-S-59; 10-11; 29-30	Countrywide, National City, GSMC, GreenPoint
GSAA 2007-6	Ex. 19 at S-24; S-51; S-58 - S-63; S-65-S-66; 10-11; 29-30	Countrywide, GreenPoint, GSMC, National City, Wells Fargo
GSAMP 2005-AHL2	Ex. 1 at S-13; S-32; S-37-39; 10; 27	Accredited Home Lenders,
GSAMP 2005-HE5	Ex. 20 at S-12; S-23; S-32; S-38- 42; 10; 27	SouthStar, GSMC
GSAMP 2005-HE6	Ex. 21 at S-12; S-33; S-40-S-43; S-47-S-48; S-98; 10; 27	Meritage Mortgage Corporation, First NLC, Acoustic Home Loans, Fremont
GSAMP 2005-WMC2	Ex. 22 at S-11; S-21; S-28; S-34-S-36 ; 9-10; 27	WMC

<b>Table A: Goldman Sachs' Additional Disclosures Regarding Compliance with Underwriting Guidelines</b>		
<b>Securitization</b>	<b>Prospectus Supplement Page Number</b>	<b>Originators</b>
GSAMP 2005-WMC3	Ex. 23 at S-10; S21-S-22; S-27; S-33-S-35; 10; 27	WMC
GSAMP-2006 FM1	Ex. 24 at S-14, S-17; S-33; S-41; S-98, 11, 29, 30	Fremont
GSAMP 2006-FM2	Ex. 25 at S-15, S-33, S-40-S-41, 11, 29-30	Fremont
GSAMP 2006-FM3	Ex. 26 at S-16; S-27-S-29; S-41-S-43, 11, 29-30	Fremont
GSAMP 2006-HE3	Ex. 27 at S-17; S-38; S-47-S-48; S-118; 11; 30	SouthStar Funding, MILA, Aames Capital, Fremont, Impac, GSMC, Meritage
GSAMP 2006-HE4	Ex. 28 at S-17; S-38; S-44-S-48; S-116; 10-11; 29-30	Aames, SouthStar Funding, First Horizon, CIT, MILA, United Pacific Mortgage, GSMC, NovaStar
GSAMP 2006-HE5	Ex. 29 at S-17, S-37, S-44-S-47; S-115; 10-11; 29-30	Aames, CIT Group, GSMC, Mortgage Lenders Network USA, SouthStar
GSAMP 2006-HE7	Ex. 30 at S-17; S-36; S-45; S-47-S-51; S-112; 10-11; 29-30	SouthStar, Aames, GSMC, NovaStar
GSAMP 2006-HE8	Ex. 31 at S-17; S-36; S-45-S-51; S-112; 11; 29; 30	Aames, NovaStar, GSMC, SouthStar
GSAMP 2006-NC2	Ex. 32 at S-15; S-33; S-40-S-41; S-44; S-104; 11; 30	New Century
GSAMP 2007-FM1	Ex. 33 at S-17; S-; S-36; S-42-S-44; S-102; 11; 29-30	Fremont
GSAMP 2007-FM2	Ex. 34 at S-17-; S-38; S-47-S-50 S-111; 11; 29-30	Fremont
GSAMP 2007-HE1	Ex. 35 at S-17; S-36; S-44-S-45; S-47-49; S-107; 10-11; 29-30	SouthStar, Wilmington Finance, Senderra Funding, First Horizon, LownHome, GSMC
GSAMP 2007-HE2	Ex. 36 at S-17; S-38; S-46; S-54-S-55; S-58; S-117; 10-11; 29-30	New Century, Aegis SouthStar, GSMC
GSAMP 2007-NC1	Ex. 37 at S-17; S-36; S-44-S-47; S-50; S-110; 11; 29-30	New Century
GSR 2006-OA1	Ex. 38 at S-51-S-52; S-54; S-57; S-59; S-60; 10-11; 29-30	American Home, Countrywide, IndyMac, GSMC
GSR 2007-AR2	Ex. 39 at S-46-S-49; S-51-S-55; S-58; S-61-S-62; S-67=S-69; S-71-S-72; S-	Countrywide, IndyMac, PHH, Wells Fargo

<b>Table A: Goldman Sachs' Additional Disclosures Regarding Compliance with Underwriting Guidelines</b>		
<b>Securitization</b>	<b>Prospectus Supplement Page Number</b>	<b>Originators</b>
	76-S-77; S-80; S-82; S-83; S-85-S-87; S-94; 10-11; 29-30	
GSR 2007-OA1	Ex. 40 at S-43-S-44; S-49-S-50; S-60-S-63; S-67-S-69; S-71; S-75-S-76; 10-11; 28-30	Countrywide, Residential Funding, GSAC, Quicken
GSR 2007-OA2	Ex. 2 at S-37-38; S-45-S-46; S-54-S-56; S-60; S-70 10-11; 29-30	Residential Funding, Quicken
INDX 2005-AR18	Ex. 41 at S-30-S-31; 25	IndyMac
INDX 2005-AR27	Ex. 42 at S-35 – S-37; 25	IndyMac

21. Except where otherwise noted, undisputed that ¶ 21 and Table 2 cite pages from the identified prospectus supplements that include disclosures concerning valuation. The Offering Materials include additional disclosures concerning LTV/CLTV ratios and valuation matters as specified in Table B:

<b>Table B: Goldman Sachs' Additional Disclosures Regarding Compliance with LTV/CLTV Ratios and Other Valuation Matters</b>		
<b>Securitization</b>	<b>SLG</b>	<b>Prospectus Supplement Page Number</b>
ACCR 2005-4	Group 1	Ex. 6 at S-24; S-28; S-83-S-84
AHMA 2006-1	Group 1	Ex. 7 at S-16; S-35; S-37; S-38; 9
FFML 2005-FF8	Group 1	Ex. 8 at S-19; S-27; S-28; S-35-S-36; A-25; A-29; 4; 8
FFML 2005-FF11	Group 1	Ex. 9 at S-20; S-28; S-29; S-36-S-37; A-24; A-25; A-30; A-31
FFML 2006-FF13	Group 1	Ex. 10 at S-23; S-31; S-39-S-40; A-3; A-10; 4; 9; 32-33
FHLT 2006-E	Group 1	Ex. 11 at S-14, S-26; S-32-S-33; S-42; 10; 75
GSAA 2005-11	Group 1	Ex. 12 at S-23-S-24; S-34; S-36; S-44-S-45; A-30; A-38; 11
GSAA 2005-14	Group 1	Ex. 13 at S-24; S-34; S-36; S-43; S-45; A-27; A-35; 4; 8; 16
GSAA 2005-15	Group 1	Ex. 14 at S-24; S-34; S-36; S-44-S-45; S-50; A-27; A-34; 4; 7-8; 16

**Table B: Goldman Sachs' Additional Disclosures Regarding Compliance with LTV/CLTV Ratios and Other Valuation Matters**

Securitization	SLG	Prospectus Supplement Page Number
GSAA 2006-2	Group 1	Ex. 15 at S-31; S-42; S-43; S-51; A-27; A-34; 4; 8; 16
GSAA 2006-4	Group 1	Ex. 16 at S-28-S-29; S-40; S-42; S-51-S-52; S-54-56; S-B-13; S-B-20; 4; 8; 16
GSAA 2006-5	Group 1	Ex. 17 at S-31; S-42; S-44; S-55; A-28; A-35; 4; 8; 16
GSAA 2006-8	Group 1	Ex. 3 at S-33; S-43; S-45; S-49-S-50; S-52-55; S-60; A-26; A-33; 4; 9; 17
GSAA 2006-11	Group 1	Ex. 18 at S-33; S-44; S-46; S-51; S-54-S-57; S-61; A-26; A-33; 4; 9; 17
GSAA 2007-6	Group 3	Ex. 19 at S-38; S-50; S-52; S-58; S-61-S-64; S-67-S-68; A-28; A-35; 4; 9; 17
GSAMP 2005-AHL2	Group 1	Ex. 1 at S-23; S-32; S-38-S-39; A-24; A-31; 4; 8; 16
GSAMP 2005-HE5	Group 1	Ex. 20 at S-22-S-23; S-32-S-33; S-40; S-43; A-27; A-34; A-39; A-45; 4; 8; 16
GSAMP 2005-HE6	Group 1	Ex. 21 at S-23-S-24; S-33; S-34; S-41-S-43; A-3; A-10; 4; 7; 16
GSAMP 2005-WMC2	Group 1	Ex. 22 at S-20-S-21; S-27; S-28; S-35; S-37-S-45; A-24; A-30; 4; 8; 16
GSAMP 2005-WMC3	Group 1	Ex. 23 at S-19; S-26; S-27; S-33-S-34; S-36; S-38-S-43; A-8; A-10; 4; 8; 16
GSAMP-2006 FM1	Group 1	Ex. 24 at S-24-S-26; S-33; S-41-43; A-3; A-10; 4; 9; 17
GSAMP 2006-FM2	Group 1	Ex. 25 at S-25-S-27; S-33-S-34; S-41-S-43; A-3; A-10; 4; 9; 17
GSAMP 2006-FM3	Group 1	Ex. 26 at S-27-S-28; S-35-S-36; S-43-S-45; A-3; A-10; 4; 9; 17
GSAMP 2006-HE3	Group 1	Ex. 27 at S-29-S-30; S-38; S-39; S-49; A-3; A-10; A-11; 4; 9; 17

**Table B: Goldman Sachs' Additional Disclosures Regarding Compliance with LTV/CLTV Ratios and Other Valuation Matters**

Securitization	SLG	Prospectus Supplement Page Number
GSAMP 2006-HE4	Group 1	Ex. 28 at S-29-S-30; S-38; S-39; S-46; A-3; A-10; 4; 9; 17
GSAMP 2006-HE5	Group 1	Ex. 29 at S-28-S-29; S-37; S-38; S-45; A-3; A-10; A-15; 4; 9; 17
GSAMP 2006-HE7	Group 1	Ex. 30 at S-28-S-29; S-36; S-37; S-47; S-49; A-3; A-11; 4; 9; 17
GSAMP 2006-HE8	Group 1	Ex. 31 at S-28; S-36; S-37; S-45; S-49; A-3; A-11; 4; 9; 17
GSAMP 2006-NC2	Group 1	Ex. 32 at S-25-S-27; S-33-S-34; S-40-S-44; A-3; A-9; 4; 9; 17
GSAMP 2007-FM1	Group 1	Ex. 33 at S-28-S-30; S-36-S-37; S-44-S-46; A-3; A-8; A-9; 4; 9; 17
GSAMP 2007-FM2	Group 1	Ex. 34 at S-29-S-31; S-38-S-39; S-49-S-51; A-3; A-10; 4; 9; 17
GSAMP 2007-HE1	Group 1	Ex. 35 at S-28-S-29; S-36; S-37; S-46; S-48-S-49; A-3; A-9; A-10; 4; 9; 17
GSAMP 2007-HE2	Group 1	Ex. 36 at S-29-S-31; S-38; S-39; S-54-S-58; A-3; A-10; 4; 9; 17
GSAMP 2007-NC1	Group 1	Ex. 37 at S-27-S-29; S-36-S-37; S-46-S-50; A-3; A-8; A-9; 4; 9; 17
GSR 2006-OA1	Group 1	Ex. 38 at S-38; S-45; S-50; S-52-S-56; S-59; 4; 9; 17
GSR 2007-AR2	Group 6	Ex. 39 at S-32; S-39; S-44-S-45; S-47-S-50; S-54; S-59; S-69-S-70; S-78; 4; 9; 17
GSR 2007-OA1	Group 1	Ex. 40 at S-46; S-53; S-59; S-61-S-65; S-68; S-71-S-73; 4; 9; 17
GSR 2007-OA2	Group 1	Ex. 2 at S-41; S-48; S-56-S-58; 4; 9; 17
INDX 2005-AR18	Group 1	Ex. 41 at S-15; S-18; S-20; 16; 25
INDX 2005-AR27	Group 2	Ex. 42 at S-10-S-11; S-15; S-

**Table B: Goldman Sachs' Additional Disclosures Regarding Compliance with LTV/CLTV Ratios and Other Valuation Matters**

Securitization	SLG	Prospectus Supplement Page Number
		18; 16; 25

22. Undisputed that ¶ 22 and Table 3 cite pages from the identified Prospectus Supplements that include disclosures concerning owner-occupancy. Disputed that the Goldman Sachs Defendants made representations “concerning the occupancy status of the borrowers of the Mortgage Loans.” For example, the Prospectus Supplement for GSAMP 2006-HE7 states that owner-occupancy disclosures are “based on information that we consider reliable, but we do not represent that it is accurate or complete and it should not be relied upon as such.” Ex. 30 at A-4, A-12, A-20. The Offering Materials include additional disclosures concerning owner-occupancy as specified in Table C:

**Table C: Goldman Sachs' Additional Disclosures Regarding Owner Occupancy**

Securitization	SLG	Prospectus Supplement Page Number
ACCR 2005-4	Group 1	Ex. 6 at 20
AHMA 2006-1	Group 1	Ex. 7 at S-24; S-37; S-38
FFML 2005-FF8	Group 1	Ex. 8 at S-27; S-36; A-26; A-30; A-35; A-39; A-44
FFML 2005-FF11	Group 1	Ex. 9 at S-28; A-25; A-31; A-37; A-41; A-47; A-53
FFML 2006-FF13	Group 1	Ex. 10 at S-31; A-11
FHLT 2006-E	Group 1	Ex. 11 at S-32
GSAA 2005-11	Group 1	Ex. 12 at S-34; S-44; S-47; A-31; A-39; A-46; A-53
GSAA 2005-14	Group 1	Ex. 13 at S-34; S-66; A-28; A-36
GSAA 2005-15	Group 1	Ex. 14 at S-34; S-70; A-28; A-35
GSAA 2006-2	Group 1	Ex. 15 at S-42; S-79; A-28; A-35
GSAA 2006-4	Group 1	Ex. 16 at S-40; S-48; S-60; S-64; S-B-14; S-B-21
GSAA 2006-5	Group 1	Ex. 17 at S-42; S-49; S-84; A-

**Table C: Goldman Sachs' Additional Disclosures Regarding Owner Occupancy**

<b>Securitization</b>	<b>SLG</b>	<b>Prospectus Supplement Page Number</b>
		29; A-36
GSAA 2006-8	Group 1	Ex. 3 at S-43; S-89; A-27; A-34
GSAA 2006-11	Group 1	Ex. 18 at S-44; S-89; A-27; A-34
GSAA 2007-6	Group 3	Ex. 19 at S-50; S-99; A-29; A-36
GSAMP 2005-AHL2	Group 1	Ex. 1 at S-32; S-57; A-25; A-31
GSAMP 2005-HE5	Group 1	Ex. 20 at S-32; S-41; A-28; A-35; A-40; A-46; A-53; A-58
GSAMP 2005-HE6	Group 1	Ex. 21 at S-33; A-4; A-11
GSAMP 2005-WMC2	Group 1	Ex. 22 at S-27-S-28; S-56; A-25; A-31; A-37; A-42; A-49; A-55; A-60; A-67; A-73
GSAMP 2005-WMC3	Group 1	Ex. 23 at S-26- S-27; S-55; A-3; A-11; A-18
GSAMP-2006 FM1	Group 1	Ex. 24 at S-33; S-62; A-4; A-11
GSAMP 2006-FM2	Group 1	Ex. 25 at S-33; S-60; A-4; A-11
GSAMP 2006-FM3	Group 1	Ex. 26 at S-35; S-62; A-4; A-11
GSAMP 2006-HE3	Group 1	Ex. 27 at S-38; A-4; A-11
GSAMP 2006-HE4	Group 1	Ex. 28 at S-38; A-4; A-11
GSAMP 2006-HE5	Group 1	Ex. 29 at S-37; A-4; A-11; A-16
GSAMP 2006-HE7	Group 1	Ex. 30 at S-36; A-4; A-12; A-20
GSAMP 2006-HE8	Group 1	Ex. 31 at S-36; A-4; A-12
GSAMP 2006-NC2	Group 1	Ex. 32 at S-33; S-64-S-65; A-4; A-10
GSAMP 2007-FM1	Group 1	Ex. 33 at S-36; S-62; A-3; A-9
GSAMP 2007-FM2	Group 1	Ex. 34 at S-38; S-68; A-4; A-11
GSAMP 2007-HE1	Group 1	Ex. 35 at S-36; A-3; A-10
GSAMP 2007-HE2	Group 1	Ex. 36 at S-38; A-4; A-11
GSAMP 2007-NC1	Group 1	Ex. 37 at S-17-S-20; S-36; S-67; A-3; A-9
GSR 2006-OA1	Group 1	Ex. 38 at S-45; S-62
GSR 2007-AR2	Group 6	Ex. 39 at S-39; S-63; S-89

**Table C: Goldman Sachs' Additional Disclosures Regarding Owner Occupancy**

<b>Securitization</b>	<b>SLG</b>	<b>Prospectus Supplement Page Number</b>
GSR 2007-OA1	Group 1	Ex. 40 at S-42; S-53; S-78; S-82
GSR 2007-OA2	Group 1	Ex. 2 at S-48; S-65; S-69
INDX 2005-AR18	Group 1	Ex. 41 at S-18; S-29; 23; 26
INDX 2005-AR27	Group 2	Ex. 42 at S-15; S-20; S-24; S-28; S-32; S-35

23. Except where otherwise noted, undisputed that that ¶ 22 and Table 4 cite pages from the identified prospectus supplements that include disclosures concerning credit ratings. The Offering Materials include additional disclosures concerning credit ratings as specified in Table D:

**Table D: Goldman Sachs' Additional Disclosures Regarding Credit Ratings**

<b>Securitization</b>	<b>Prospectus Supplement Page Number</b>
ACCR 2005-4	Ex. 6 at S-15; S-149; 11
AHMA 2006-1	Ex. 7 at S-13; S-20; S-21; S-91; 132
FFML 2005-FF8	Ex. 8 at S-9; S-14; 116
FFML 2005-FF11	Ex. 9 at S-10; S-15; S-25; S-99; S-101
FFML 2006-FF13	Ex. 10 at S-12; S-18; S-28; S-119; S-121; 13; 127
FHLT 2006-E	Ex. 11 at S-12; S-13; S-18; S-29; 21
GSAA 2005-11	Ex. 12 at S-11; S-16; S-30; S-128-S-129; 112
GSAA 2005-14	Ex. 13 at S-12; S-124-S-125
GSAA 2005-15	Ex. 14 at S-12; S-17; S-30; S-127; 11; 121
GSAA 2006-2	Ex. 15 at S-19; S-24; S-37; S-139; S-141-S-142; 11; 121
GSAA 2006-4	Ex. 16 at S-22; S-34; S-138; S-140-S-141; 11; 121
GSAA 2006-5	Ex. 17 at S-20; S-25; S-38; S-144; S-146-S-147; 11; 121
GSAA 2006-8	Ex. 3 at S-21; S-26; S-38; S-150-S-151; 13; 127
GSAA 2006-11	Ex. 18 at S-21; S-26; 13; 127
GSAA 2007-6	Ex. 19 at S-23; S-29; S-46; S-169; 13; 126
GSAMP 2005-AHL2	Ex. 1 at S-12; S-28; S-111; 11; 121
GSAMP 2005-HE5	Ex. 20 at S-11; S-26-S-27; 11; 121
GSAMP 2005-HE6	Ex. 21 at S-11; S-17; S-27-S-28; S-119; 11;

**Table D: Goldman Sachs' Additional Disclosures Regarding Credit Ratings**

<b>Securitization</b>	<b>Prospectus Supplement Page Number</b>
	121
GSAMP 2005-WMC2	Ex. 22 at S-9-S-10; S-25; 6; 121
GSAMP 2005-WMC3	Ex. 23 at S-9; S-24; S-104-S-105; 11; 121
GSAMP-2006 FM1	Ex. 24 at S-13; S-19; S-29; S-117; S-119
GSAMP 2006-FM2	Ex. 25 at S-14; S-20; S-28; S-30; S-122; 13; 127
GSAMP 2006-FM3	Ex. 26 at S-15; S-21; S-32; S-122; S-124
GSAMP 2006-HE3	Ex. 27 at S-22-S-23; S-33; S-136; S-139
GSAMP 2006-HE4	Ex. 28 at S-16; S-22-S-23; S-34; S-134-S-135; S-137; 7
GSAMP 2006-HE5	Ex. 29 at S-16; S-22; S-30; S-33; S-133; 13; 119
GSAMP 2006-HE7	Ex. 30 at S-16; S-22; S-33; S-129; S-132; 127
GSAMP 2006-HE8	Ex. 31 at S-15; S-21; S-32; S-130; S-132; 12; 126
GSAMP 2006-NC2	Ex. 32 at S-14; S-20; S-30; S-123; S-125; 13
GSAMP 2007-FM1	Ex. 33 at S-16; S-22; S-30-S-31; S-33; S-123; 13
GSAMP 2007-FM2	Ex. 34 at S-16; S-23; S-32; S-34; S-133
GSAMP 2007-HE1	Ex. 35 at S-16; S-22; S-30; S-33; S-128; 126
GSAMP 2007-HE2	Ex. 36 at S-16; S-23; S-35; S-135; S-138; 13; 126
GSAMP 2007-NC1	Ex. 37 at S-16; S-22; S-29-S-30; S-33; S-128; 28-32
GSR 2006-OA1	Ex. 38 at S-22; S-28; S-38-S-39; S-102; S-142-S-143; 13; 127
GSR 2007-AR2	Ex. 39 at S-20; S-33; S-162-S-163; 13; 126
GSR 2007-OA1	Ex. 40 at S-25; S-32; S-41; S-46; S-171; 27-33
GSR 2007-OA2	Ex. 2 at S-24; S-29; S-41; S-135-S-136; 126-127
INDX 2005-AR18	Ex. 41 at S-4; S-81; S-83; 91
INDX 2005-AR27	Ex. 42 at S-3; S-73; S-75; 9-10; 93

24. Except where otherwise noted, undisputed that ¶ 24 and Table 5 cite pages from the identified Prospectus Supplements that include disclosures related to LTV and valuations, owner-occupancy, and credit ratings.

25. Undisputed, except that the assertion as to Barclays is no longer relevant because the claims against the Barclays Defendants have been dismissed voluntarily and with prejudice (11 Civ. 6190 (DLC), D.E. No. 630), and therefore does not require response.

26. Except where otherwise noted, undisputed that as to RALI 2007-QH5, ¶ 26 and Table 6 cite pages from the identified Prospectus Supplement that include disclosures concerning whether mortgage loans were underwritten generally or substantially in accordance with Originators' underwriting guidelines. The Offering Materials include additional disclosures concerning origination and underwriting guidelines as specified in Table E:

<b>Table E: Goldman Sachs' Additional Disclosures Regarding Compliance with Underwriting Guidelines</b>		
<b>Securitization</b>	<b>Prospectus Supplement Page Number</b>	<b>Originators</b>
RALI 2007-QH5	Ex. 43 at S-11; S-20; S-53; S-54; S-88; 8; 17; 18; 20; 22; 23	Residential Funding

27. Except where otherwise noted, undisputed that as to RALI 2007-QH5 ¶ 27 and Table 7 cite pages from the identified Prospectus Supplement that include disclosures concerning valuation. The Offering Materials include additional disclosures concerning LTV/CLTV ratios and valuation matters as specified in Table F:

<b>Table F: Goldman Sachs' Additional Disclosures Regarding Compliance with LTV/CLTV Ratios and Other Valuation Disclosures</b>		
<b>Securitization</b>	<b>SLG</b>	<b>Prospectus Supplement Page Number</b>
RALI 2007-QH5	Group 2	Ex. 43 at S-21; S-54; S-55; 16-19

28. Except where otherwise noted, undisputed that as to RALI 2007-QH5 ¶ 28 and Table 8 cite pages from the identified prospectus supplement that include disclosures concerning owner-occupancy. The Offering Materials include additional disclosures concerning owner-occupancy as specified in Table G:

**Table G: Goldman Sachs' Additional Disclosures Regarding Owner Occupancy**

<b>Securitization</b>	<b>SLG</b>	<b>Prospectus Supplement Page Number</b>
RALI 2007-QH5	Group II	Ex. 43 at S-20; S-53; S-55; S-88; 15; 16

29. Except where otherwise noted, undisputed that as to RALI 2007-QH5 ¶ 29 and Table 9 cite pages from the identified Prospectus Supplement that include disclosures concerning credit ratings. The Offering Materials include additional disclosures concerning credit ratings as specified in Table H:

**Table H: Goldman Sachs' Additional Representations Regarding Credit Ratings**

<b>Securitization</b>	<b>Prospectus Supplement Page Number</b>
RALI 2007-QH5	Ex. 43 at S-6; S-17; S-24; S-41; S-120-S-121; 152

30. Except where otherwise noted, undisputed that as to RALI 2007-QH5 ¶ 30 and Table 10 cite pages from the identified term sheet that include disclosures related to LTV and valuations, owner-occupancy, and credit ratings.

31. Undisputed.

32. Undisputed that Freddie Mac purchased a Certificate from the I-A tranche of the HASC 2006-HE1 Securitization on November 3, 2006.

33. The HASC 2006-HE1 Prospectus Supplement included the language cited in ¶ 33, as well as other disclosures related to the origination and underwriting of the underlying mortgage loans. In this and all subsequent responses, unless explicitly undisputed otherwise, defendants deny that “the HSBC Defendants” or any similar collection of defendants took any particular action, either collectively or as individuals. *See* Ex. 44 at S-2; S-23; S-26; S-33; S-41-6-; S-64; S-97.

34. The HASC 2006-HE1 Prospectus Supplement included the representations cited in ¶ 34, as well as other disclosures related to owner-occupancy, valuation of the loans and credit ratings, and the calculation of those figures based on statistics subject to variance as disclosed in the prospectus supplement. *See* Ex. 44 at S-2; S-4; S-6; S-16; S-19; S-24; S-28; S-31; S-33; S-37; S-38; S-46; S-48; S-49; S-51-S-60; S-64; A-7-A-8; A-17.

35. Except where otherwise noted, undisputed that ¶ 35 and Table 11 cite pages from the identified prospectus supplements that include disclosures concerning whether mortgage loans were underwritten generally or substantially in accordance with Originators' underwriting guidelines. The Offering Materials include additional representations and disclosures concerning origination and underwriting guidelines as specified in Table I:

<b>Table I: HSBC's Additional Disclosures Regarding Compliance with Underwriting Guidelines</b>		
<b>Securitization</b>	<b>Prospectus Supplement Page Number</b>	<b>Originators</b>
FFML 2006-FF1	Ex. 45 at S-2; S-22-S-24; S-28; S-35-S-39; S-43; S-71	First Franklin
FFML 2006-FF5	Ex. 46 at S-2; S-3; S-25; S-31; S-39-S-43; S-47; S-79; S-89	First Franklin
FFML 2006-FF7	Ex. 47 at S-2; S-3; S-24; S-30; S-37-S-42; S-46; S-78; S-88	First Franklin
FFML 2006-FF9	Ex. 48 at S-2; S-3; S-24; S-30; S-38-42; S-46; S-77; S-86	First Franklin
FFML 2006-FF11	Ex. 49 at S-2; S-3; S-23; S-29; S-37-42; S-45; S-47; S-77	First Franklin
HASC 2005-I1	Ex. 50 at S-1; S-16; S-23; S-28-S-40; S-43; S-60	First Franklin; New Century
HASC 2006-HE1	Ex. 44 at S-2; S-23; S-26; S-33; S-41-S-60; S-64; S-97	WMC; Countrywide; General
HASC 2006-HE2	Ex. 51 at S-2; S-24; S-27; S-33; S-42-61; S-64; S-100	Countrywide; General
HASC 2006-NC1	Ex. 52 at S-2; S-22; S-28; S-35-41; S-44; S-74	New Century
HASC 2006-OPT1	Ex. 53 at S-2; S-23; S-29; S-36-S-41; S-44; S-73	Option One
HASC 2006-OPT2	Ex. 54 at S-2; S-23; S-28; S-36-S-40; S-44; S-73	Option One

<b>Table I: HSBC's Additional Disclosures Regarding Compliance with Underwriting Guidelines</b>		
<b>Securitization</b>	<b>Prospectus Supplement Page Number</b>	<b>Originators</b>
HASC 2006-OPT3	Ex. 55 at S-2; S-23; S-29; S-37-S-41; S-45; S-46; S-76;	Option One
HASC 2006-OPT4	Ex. 56 at S-2; S-24; S-30; S-38-S-42; S-46; S-78	Option One
HASC 2007-HE1	Ex. 57 at S-2; S-23; S-26; S-32; S-40-S-43; S-49; S-82	Accredited; General
HASC 2007-HE2	Ex. 58 at S-2; S-18; S-24; S-27; S-32; S-41-S-58; S-63;	Decision One; WMC; General
HASC 2007-OPT1	Ex. 59 at S-2; S-21; S-24; S-30; S-38-S-42; S-45; S-78	Option One
HASC 2007-WF1	Ex. 60 at S-2; S-17; S-23; S-26; S-32; S-40-S-65; S-69	Wells Fargo

36. Except where otherwise noted, undisputed that ¶ 36 and Table 12 cite pages from the identified Prospectus Supplements that include disclosures concerning valuation. The Offering Materials include additional disclosures concerning LTV/CLTV ratios and valuation matters as specified in Table J:

<b>Table J: HSBC's Additional Disclosures Regarding Compliance with LTV/CLTV Ratios and Other Valuation Disclosures</b>		
<b>Securitization</b>	<b>SLG</b>	<b>Prospectus Supplement Page Number</b>
FFML 2006-FF1	1	S-4; S-24; S-29; S-32-33; S-35; S-37-39; A-7-A-8
FFML 2006-FF5	1	S-4; S-27; S-32; S-35-36; S-38; A-7-A-8
FFML 2006-FF7	1	S-4; S-26; S-30; S-33-35; S-36; A-7-A-8
FFML 2006-FF9	1	S-4; S-26; S-30; S-33-35; A-7-A-A-8
FFML 2006-FF11	1	S-4; S-25; S-30; S-33-34; A-7-A-8
HASC 2005-I1	1	S-4; S-18; S-23-24; S-33; S-47; S-48; A-7-A-8
HASC 2006-HE1	1	S-4; S-28; S-33; S-37; S-38; S-46; S-48; S-49; S-51-S-60; A-7-A-8
HASC 2006-HE2	1	S-4; S-28; S-33; S-44; S-46-48; S-50-S-54; S-57-60; A-7-A-8
HASC 2006-NC1	1	S-3; S-24; S-29; S-31-32; S-36-S-37; A-7-A-8
HASC 2006-OPT1	1	S-3; S-24; S-30; S-33-34; S-38-S-41; A-7-A-8
HASC 2006-OPT2	1	S-4; S-24; S-29; S-32-33; S-37-S-40; A-7-

<b>Table J: HSBC's Additional Disclosures Regarding Compliance with LTV/CLTV Ratios and Other Valuation Disclosures</b>		
<b>Securitization</b>	<b>SLG</b>	<b>Prospectus Supplement Page Number</b>
		A-8
HASC 2006-OPT3	1	S-4; S-24-25; S-29; S-32-33; S-39-S-41; A-7-A-8
	2	S-4; S-24-25; S-29; S-32-33; S-39-S-41; A-7-A-8
HASC 2006-OPT4	1	S-4; S-26; S-31; S-34-35; S-39-S-42; A-7-A-8
HASC 2007-HE1	1	S-4; S-27; S-32; S-35-37; S-41-S-43; A-7-A-8
HASC 2007-HE2	1	S-4; S-28; S-33; S-36-38; S-41-S-43; A-7-A-8
HASC 2007-OPT1	1	S-4; S-25; S-30; S-33-34; S-39-S-42; A-7-A-8
HASC 2007-WF1	1	S-4; S-27; S-32; S-36; S-45-S-65; A-7-A-8

37. Except where otherwise noted, undisputed that ¶ 37 and Table 13 cite pages from the identified prospectus supplements that include disclosures concerning owner-occupancy. The Offering Materials include additional disclosures concerning owner-occupancy as specified in Table K:

<b>Table K: HSBC's Additional Disclosures Regarding Owner Occupancy</b>		
<b>Securitization</b>	<b>SLG</b>	<b>Prospectus Supplement Page Number</b>
FFML 2006-FF1	1	S-44; A-17
FFML 2006-FF5	1	S-48; A-17
FFML 2006-FF7	1	S-46; A-17
FFML 2006-FF9	1	S-46; A-17
FFML 2006-FF11	1	S-46; A-17
HASC 2005-I1	1	S-44; A-17
HASC 2006-HE1	1	S-64; A-17
HASC 2006-HE2	1	S-64; A-17
HASC 2006-NC1	1	S-45; A-17
HASC 2006-OPT1	1	S-45; A-17
HASC 2006-OPT2	1	S-44; A-18
HASC 2006-OPT3	1	S-45; A-17
	2	S-45; A-17
HASC 2006-OPT4	1	S-46; A-17

**Table K: HSBC's Additional Disclosures Regarding Owner Occupancy**

<b>Securitization</b>	<b>SLG</b>	<b>Prospectus Supplement Page Number</b>
HASC 2007-HE1	1	S-49; A-17
HASC 2007-HE2	1	S-62; A-17
HASC 2007-OPT1	1	S-46; A-17
HASC 2007-WF1	1	S-69; A-18

38. Except where otherwise noted, undisputed that ¶ 38 and Table 14 cite pages from the identified prospectus supplements that include disclosures concerning credit ratings. The Offering Materials include additional disclosures concerning credit ratings as specified in Table L:

**Table L: HSBC's Additional Disclosures Regarding Credit Ratings**

<b>Securitization</b>	<b>Prospectus Supplement Page Number</b>
FFML 2006-FF1	S-2; S-6; S-14; S-17; S-20; S-27;
FFML 2006-FF5	S-2; S-6; S-16; S-23; S-30
FFML 2006-FF7	S-2; S-6; S-15; S-18; S-22; S-29
FFML 2006-FF9	S-2; S-6; S-15; S-18; S-22; S-29;
FFML 2006-FF11	S-2; S-6; S-15; S-18; S-22; S-28
HASC 2005-I1	S-2; S-5; S-9; S-12; S-14; S-15; S-21
HASC 2006-HE1	S-2; S-6; S-16; S-19; S-24; S-31
HASC 2006-HE2	S-2; S-6; S-16; S-19; S-24; S-32
HASC 2006-NC1	S-2; S-6; S-14; S-17; S-21; S-27;
HASC 2006-OPT1	S-2; S-5; S-14; S-17; S-21; S-27;
HASC 2006-OPT2	S-2; S-5; S-14; S-17; S-21; S-27
HASC 2006-OPT3	S-2; S-5; S-14; S-17; S-21; S-28
HASC 2006-OPT4	S-2; S-5; S-15; S-18; S-23; S-29;
HASC 2007-HE1	S-2; S-6; S-15; S-19; S-24; S-31;
HASC 2007-HE2	S-2; S-6; S-15-16; S-20; S-25; S-31;
HASC 2007-OPT1	S-2; S-5; S-14; S-17; S-22; S-28;
HASC 2007-WF1	S-2; S-5; S-14-15; S-19; S-24; S-31

39. Except where otherwise noted, undisputed that ¶ 39, Table 15 cites pages from the identified preliminary offering materials that include disclosures related to LTV and valuations, owner-occupancy, and credit ratings.

40. The Nomura Defendants do not dispute that certain of them issued 7 Securitizations pursuant to Shelf Registration Statements and Prospectus Supplements and that the GSEs purchased 7 Certificates from these 7 Securitizations.

41. Except where otherwise noted, the Nomura Defendants do not dispute that ¶ 41, Table 16 cites selected pages from the relevant prospectus supplements for NAA 2005-AR6, NHELI 2006-FM1, NHELI 2006-FM2, NHELI 2006-HE3, NHELI 2007-1 and NHELI 2007-2 that include representations concerning whether mortgage loans were underwritten generally or substantially in accordance with Originators' underwriting guidelines. The Nomura Defendants aver that the Offering Materials include additional representations concerning the nature of the underwriting guidelines—including differences from guidelines applicable to GSE loans—and exceptions to the guidelines made by originators and the risks attendant to the use of reduced guidelines. The Nomura Defendants dispute that the prospectus supplement for NHELI 2007-3 represents that the mortgage loans were generally or substantially underwritten in accordance with ResMAE's underwriting guidelines and aver that this prospectus supplement specifically discloses that the loans originated by ResMAE—and any other Originator in financial distress—may not be underwritten in substantial compliance with applicable guidelines.

**Table M: Nomura's Additional Disclosures Regarding Compliance with Underwriting Guidelines**

Securitization	Prospectus Supplement Page Number	Originators
NAA 2005-AR6	Ex. 493 at NOM-FHFA_04811894	General
NHELI 2006-FM1	Ex. 494 at NOM-FHFA_04729544	Fremont
NHELI 2006-FM2	Ex. 495 at NOM-FHFA_04638396-98	Fremont

NHELI 2006-HE3	Ex. 496 at NOM-FHFA_04620972-73	General
NHELI 2007-1	Ex. 497 at NOM-FHFA_05142021-24	FNB Nevada
	Ex. 497 at NOM-FHFA_05142024-25	Silver State
	Ex. 497 at NOM-FHFA_05142026-27	General
NHELI 2007-2	Ex. 498 at NOM-FHFA_05591413-15	OwnIt
	Ex. 498 at NOM-FHFA_05591415-16	General
NHELI 2007-3	Ex. 499 at NOM-FHFA_04732664	ResMAE
	Ex. 499 at NOM-FHFA_04732712-13	General

42. The Nomura Defendants do not dispute that ¶ 42, Table 17 cites pages from the relevant prospectus supplement that include representations concerning valuation. The Offering Materials include additional representations and disclosures concerning LTV/CLTV ratios and valuation—including how the ratios are calculated and the sources used—as specified in Table N:

<b>Table N: Nomura's Additional Disclosures Regarding Compliance with LTV/CLTV Ratios and Other Valuation Disclosures</b>		
<b>Securitization</b>	<b>SLG</b>	<b>Prospectus Supplement Page Number</b>
NAA 2005-AR6	Group III	Ex. 493 at NOM-FHFA_04811976
NHELI 2006-FM1	Group I	Ex. 494 at NOM-FHFA_04729664-65
NHELI 2006-FM2	Group I	Ex. 495 at NOM-FHFA_04638543
NHELI 2006-HE3	Group I	Ex. 496 at NOM-FHFA_04621112
NHELI 2007-1	Group II-1	Ex. 497 at NOM-FHFA_05142213
NHELI 2007-2	Group I	Ex. 498 at NOM-FHFA_05591416-17, NOM-FHFA_05591579
NHELI 2007-3	Group II	Ex. 499 at NOM-FHFA_04732713-14, NOM-FHFA_04732866

The Nomura Defendants dispute that the Prospectus Supplement for NAA 2005-AR6 made representations concerning CLTV ratios.

43. The Nomura Defendants do not dispute that the Prospectus Supplements reported the occupancy status of borrowers. The Prospectus Supplements contain information supplied by borrowers to originators concerning their intentions to occupy the properties securing the Mortgage Loans at the pages cited in ¶ 43, Table 18.

44. The Nomura Defendants do not dispute that the Prospectus Supplements reported the then-current credit ratings for each tranche of the Securitizations provided to the Nomura Defendants by the Credit Rating Agencies.

45. The Nomura Defendants dispute that Paragraph 45 accurately portrays the representations made in preliminary offering materials related to the 7 Nomura Securitizations, as cited in ¶ 45. In addition, the preliminary offering materials for NAA 2005-AR6 make no representation about the CLTV of the Mortgage Loans. The preliminary offering materials cited in Table 20 for NAA 2005-AR6, NHELI 2006-FM1, NHELI 2006-FM2, NHELI 2007-1, NHELI 2007-3 indicate only expected credit ratings. The preliminary offering materials cited in Table 20 for NHELI 2006-FM1 only provide credit ratings for two tranches of the securitization, not every tranche.

The Nomura Defendants do not dispute that ¶ 45, Table 20 cites pages from the relevant preliminary offering documents that include that include certain representations concerning LTV and valuations, owner-occupancy, and credit ratings. The Preliminary Offering Materials include additional representations and disclosures concerning these disclosures as specified in Table O.

**Table O: Nomura's Additional Disclosures in Preliminary Offering Materials**

<b>Securitization</b>	<b>SLG</b>	<b>Prospectus Supplement Page Number</b>
NAA 2005-AR6	Group III	Ex. 493 at FHFA00200771

NHELI 2006-FM1	Group I	Ex. 494 at FHFA01041472
NHELI 2006-FM2	Group I	Ex. 495 at FHFA01041897
NHELI 2006-HE3	Group I	Ex. 496 at FHFA01041504-505
NHELI 2007-1	Group II-1	Ex. 497 at FHFA013746810-811
NHELI 2007-2	Group I	Ex. 498 at FHFA04227300
NHELI 2007-3	Group II	Ex. 499 at FHFA01055475

46. The assertion is no longer relevant because the claims against the Barclays Defendants have been dismissed voluntarily and with prejudice (11 Civ. 6190 (DLC), D.E. No. 630) and therefore does not require response.

47. The assertion is no longer relevant because the claims against the Barclays Defendants have been dismissed voluntarily and with prejudice (11 Civ. 6190 (DLC), D.E. No. 630), and therefore does not require response.

48. The assertion is no longer relevant because the claims against the Barclays Defendants have been dismissed voluntarily and with prejudice (11 Civ. 6190 (DLC), D.E. No. 630), and therefore does not require response.

49. The assertion is no longer relevant because the claims against the Barclays Defendants have been dismissed voluntarily and with prejudice (11 Civ. 6190 (DLC), D.E. No. 630), and therefore does not require response.

50. The assertion is no longer relevant because the claims against the Barclays Defendants have been dismissed voluntarily and with prejudice (11 Civ. 6190 (DLC), D.E. No. 630), and therefore does not require response.

51. The assertion is no longer relevant because the claims against the Barclays Defendants have been dismissed voluntarily and with prejudice (11 Civ. 6190 (DLC), D.E. No. 630), and therefore does not require response.

52. The assertion is no longer relevant because the claims against the First Horizon Defendants have been dismissed voluntarily and with prejudice (11 Civ. 6193 (DLC), D.E. No. 686), and therefore does not require response.

53. The assertion is no longer relevant because the claims against the First Horizon Defendants have been dismissed voluntarily and with prejudice (11 Civ. 6193 (DLC), D.E. No. 686), and therefore does not require response.

54. The assertion is no longer relevant because the claims against the First Horizon Defendants have been dismissed voluntarily and with prejudice (11 Civ. 6193 (DLC), D.E. No. 686), and therefore does not require response.

55. The assertion is no longer relevant because the claims against the First Horizon Defendants have been dismissed voluntarily and with prejudice (11 Civ. 6193 (DLC), D.E. No. 686), and therefore does not require response.

56. The assertion is no longer relevant because the claims against the First Horizon Defendants have been dismissed voluntarily and with prejudice (11 Civ. 6193 (DLC), D.E. No. 686), and therefore does not require response.

57. The assertion is no longer relevant because the claims against the First Horizon Defendants have been dismissed voluntarily and with prejudice (11 Civ. 6193 (DLC), D.E. No. 686), and therefore does not require response.

58. Undisputed.

59. Undisputed, except that the assertion as to Barclays is no longer relevant because the claims against the Barclays Defendants have been dismissed voluntarily and with prejudice (11 Civ. 6190 (DLC), D.E. No. 630), and therefore does not require response.

60. Undisputed.

61. The assertion is no longer relevant because the claims against the Barclays Defendants have been dismissed voluntarily and with prejudice (11 Civ. 6190 (DLC), D.E. No. 630), and therefore does not require response.

## 62. Undisputed.

63. The assertion is no longer relevant because the claims against the First Horizon Defendants have been dismissed voluntarily and with prejudice (11 Civ. 6193 (DLC), D.E. No. 686), and therefore does not require response.

64. Disputed for reasons set forth in below. *Infra ¶ 65-72.*

65. Undisputed that Mr. Salahuddin's testimony included the language cited by FHFA, except Mr. Salahuddin provided testimony on various subjects, some of which undermines, or provides necessary context for, FHFA's characterization of his quote. █

Topic	Percentage
Smart cities	100
Smart grids	100
Smart transportation	100
Smart energy	100
Smart waste management	100
Smart agriculture	100
Smart buildings	100
Smart water management	100
Smart health care	100
Smart education	100
The concept of a 'smart city'	85

66. Undisputed that Mr. Salahuddin's testimony included the language cited by FHFA, except Mr. Salahuddin provided testimony on various subjects, some of which undermines, or provides necessary context for, FHFA's characterization of his quote. *See supra* ¶ 65, which is incorporated into this paragraph.

67. Undisputed that Ms. Dyson's testimony included the language cited by FHFA, except Ms. Dyson provided testimony on various subjects, some of which undermines, or provides necessary context for, FHFA's characterization of her quote. [REDACTED]

Three horizontal black bars of varying lengths are positioned side-by-side. The top bar is the longest, followed by the middle bar, and the bottom bar is the shortest. They are evenly spaced and extend across the width of the frame.

A series of 15 horizontal black bars of varying lengths, decreasing from left to right. The bars are evenly spaced and extend from the left edge of the frame to different points on the right, creating a visual gradient of decreasing size.

68. Undisputed that Mr. Norris' testimony included the language cited by FHFA, except Mr. Norris provided testimony on various subjects, some of which undermines, or provides necessary context for, FHFA's characterization of his quote. [REDACTED]

A series of 20 horizontal black bars of varying lengths, representing data points. The bars are evenly spaced and extend from the left edge of the frame to varying positions on the right, with the longest bar on the far left and the shortest on the far right.

69. Undisputed that Mr. Gussman's testimony included the language cited by FHFA, except Mr. Gussman provided testimony on various subjects, some of which undermines, or provides necessary context for, FHFA's characterization of his quote. [REDACTED]

*See infra* ¶ 386.

70. Undisputed that Mr. Mudd's testimony included the language cited by FHFA, except Mr. Mudd provided testimony on various subjects, some of which undermines, or provides necessary context for, FHFA's characterization of his quote. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

71. Undisputed that Mr. Niculescu's testimony included the language cited by FHFA, except Mr. Niculescu provided testimony on various subjects, some of which undermines, or provides necessary context for, FHFA's characterization of his quote. [REDACTED]

A series of 15 horizontal black bars of varying lengths, representing data points. The bars are arranged vertically, with the longest bar at the top and the shortest at the bottom.

72. Undisputed that Mr. Niculescu's testimony included the language cited by FHFA, except Niculescu provided testimony on various subjects, some of which undermines, or provides necessary context for, FHFA's characterization of his quote. *See supra ¶ 71*, which is incorporated into this paragraph.

73. Disputed for reasons set forth below. *Infra ¶¶ 74-89.*

74. Undisputed that Mr. Palmer's testimony included the language cited by FHFA, except Mr. Palmer provided testimony on various subjects, some of which undermines, or provides necessary context for, FHFA's characterization of his quote. [REDACTED]

75. Undisputed that Mr. Palmer's testimony included the language cited by FHFA, except Mr. Palmer provided testimony on various subjects, some of which undermines, or provides necessary context for, FHFA's characterization of his quote. *See supra ¶ 74*, which is incorporated into this paragraph.

76. Undisputed that Mr. Hackney's testimony included the language cited by FHFA, except Mr. Hackney provided testimony on various subjects, some of which undermines, or provides necessary context for, FHFA's characterization of his quote. [REDACTED]

77. Disputed. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

78. Undisputed that Mr. Romano's testimony included the language cited by FHFA, except Mr. Romano provided testimony on various subjects, some of which undermines, or provides necessary context for, FHFA's characterization of his quote. [REDACTED]

79. Undisputed that Mr. Romano's testimony included the language cited by FHFA, except Mr. Romano provided testimony on various subjects, some of which undermines, or provides necessary context for, FHFA's characterization of his quote. *See supra ¶ 78*, which is incorporated into this paragraph. Disputed that the GSEs did not believe there was a

correlation between EPDs and departures from underwriting guidelines or potential fraud in the SLGs. See *infra* ¶¶ 391-394, which are incorporated into this paragraph.

80. Undisputed that Ms. Cook's testimony included the language cited by FHFA, except Ms. Cook provided testimony on various subjects, some of which undermines, or provides necessary context for, FHFA's characterization of her quote. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

81. Undisputed that Mr. Aneiro's testimony included the language cited by FHFA, except Mr. Aneiro provided testimony on various subjects, some of which undermines, or provides necessary context for, FHFA's characterization of his quote. [REDACTED]

82. Disputed. [REDACTED]

83. Disputed. [REDACTED]

[REDACTED]

[REDACTED]

84. Disputed. Plaintiff cites pages and testimony that do not exist in the indicated exhibit or transcript. *See generally* Ex. 72.

85. Undisputed that Mr. Bisenius' testimony included the language cited by FHFA, except Mr. Bisenius provided testimony on various subjects, some of which undermines, or provides necessary context for, FHFA's characterization of his quote. [REDACTED]

A series of 15 horizontal black bars of varying lengths, arranged vertically. The bars are of uniform thickness and are set against a white background. The lengths of the bars decrease from top to bottom, creating a visual gradient. The first bar is the longest, followed by a short gap, then a series of bars of decreasing length.

86. Undisputed that Mr. Syron's testimony included the language cited by FHFA, except Mr. Syron provided testimony on various subjects, some of which undermines, or provides necessary context for, FHFA's characterization of his quote. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

87. Undisputed that the language cited by FHFA is included in Deposition Exhibit 3739, which is a memorandum that identifies Ms. Kenneweg as the author.

88. Disputed. The cited testimony does not appear in the exhibit or full deposition. *See generally* Ex. 73.

89. Disputed. FHFA has refused to produce any loan origination files the GSEs may have received for the certificate mortgage loans before 2008. Ex. 500 at 31. In some instances, deponents were asked about specific documents, but were not questioned about loan files. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**DEFENDANTS' JOINT COUNTERSTATEMENT OF MATERIAL FACTS**

**II. GENERAL BACKGROUND**

90. Fannie Mae and Freddie Mac are government-sponsored entities that, during the relevant period, purchased mortgage loans and securities backed by mortgage loans. Ex. 77. The GSEs were chartered by Congress to provide liquidity, stability and affordability to the residential mortgage market. *See* 12 U.S.C. § 1716; 12 U.S.C. § 1451. Because of their size and sophistication, the GSEs were considered “the big gorillas” in the secondary mortgage market. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

91. The Federal Housing Finance Agency was created in 2008 by an act of Congress and designated the government overseer of the GSEs, successor to the Office of Federal Housing Enterprise Oversight (“OFHEO”). *See generally* 12 U.S.C.A. § 4511. Shortly after its creation, FHFA exercised its statutorily authorized conservatorship powers over the GSEs, and has brought suit against the Defendants on the GSEs’ behalf in its continued capacity as conservator of the GSEs. Ex. 107 at 1; Ex. 108 at 1; Ex. 109 at 1; Ex. 110 at 1.

92. Defendants in these Actions collectively issued 65 residential mortgage-backed securitizations purchased by one or both of the GSEs. Those Securitizations are identified in Table P:

Table P: Securitizations Issued or Underwritten by Defendants in these Actions				
Defendant	Securitization	Purchaser	Purchase Date	Major Originators
<i>FHFA v. Goldman Sachs &amp; Co. et al.</i>				
Goldman Sachs	ACCR 2005-4	Freddie	November 23, 2005	Accredited
Goldman Sachs	AHMA 2006-1	Fannie, Freddie	May 25, 2006	American Home
Goldman Sachs	FFML 2005-FF8	Freddie	September 29, 2005	First Franklin
Goldman Sachs	FFML 2005-FF11	Freddie	November 22, 2005	First Franklin
Goldman Sachs	FFML 2006-FF13	Fannie	September 28, 2006	First Franklin
Goldman Sachs	FHLT 2006-E	Freddie	December 6, 2006	Fremont
Goldman Sachs	GSAA 2005-11	Fannie	September 29, 2005	GreenPoint, GSAC, Nat City, SunTrust
Goldman Sachs	GSAA 2005-14	Freddie	November 22, 2005	GreenPoint, SunTrust, GSAC
Goldman Sachs	GSAA 2005-15	Fannie	December 29, 2005	Countrywide, GreenPoint, Nat City
Goldman Sachs	GSAA 2006-2	Fannie	February 6, 2006	Argent
Goldman Sachs	GSAA 2006-4	Fannie	March 2, 2006	Countrywide, GSAC
Goldman Sachs	GSAA 2006-5	Fannie	March 30, 2006	Countrywide, GreenPoint, GSAC
Goldman Sachs	GSAA 2006-8	Freddie	April 28, 2006	Countrywide, Wells Fargo, First National, GSAC
Goldman Sachs	GSAA 2006-11	Fannie	June 30, 2006	Countrywide, GreenPoint, Nat City, GSAC
Goldman Sachs	GSAA 2007-6	Freddie	May 30, 2007	Countrywide, GreenPoint, GSAC, National City, Wells Fargo
Goldman Sachs	GSAMP 2005-AHL2	Fannie	December 28, 2005	Accredited
Goldman Sachs	GSAMP 2005-HE5	Freddie	November 22, 2005	SouthStar, GSAC
Goldman Sachs	GSAMP 2005-HE6	Freddie	December 29, 2005	Meritage, Acoustic, Fremont, First NLC
Goldman Sachs	GSAMP 2005-WMC2	Fannie	November 23, 2005	WMC
Goldman Sachs	GSAMP 2005-WMC3	Fannie	December 28, 2005	WMC
Goldman Sachs	GSAMP-2006 FM1	Fannie	April 27, 2006	Fremont
Goldman Sachs	GSAMP 2006-FM2	Freddie	September 29, 2006	Fremont
Goldman Sachs	GSAMP 2006-FM3	Freddie	December 21, 2006	Fremont
Goldman Sachs	GSAMP 2006-HE3	Freddie	May 26, 2006	SouthStar, MILA, Aames, Meritage, Fremont, Impac, GSAC
Goldman Sachs	GSAMP 2006-HE4	Freddie	June 29, 2006	Aames, CIT, Mandalay, SouthStar, First Horizon, NovaStar, MILA,

				GSMC
Goldman Sachs	GSAMP 2006-HE5	Freddie	August 25, 2006	Aames, CIT, SouthStar, MLN, GSMC
Goldman Sachs	GSAMP 2006-HE7	Fannie	November 22, 2006	SouthStar, Aames, NovaStar, GSMC
Goldman Sachs	GSAMP 2006-HE8	Fannie	December 27, 2006	NovaStar, Aames, SouthStar, GSMC
Goldman Sachs	GSAMP 2006-NC2	Fannie	June 29, 2006	New Century
Goldman Sachs	GSAMP 2007-FM1	Freddie	January 30, 2007	Fremont
Goldman Sachs	GSAMP 2007-FM2	Freddie	February 21, 2007	Fremont
Goldman Sachs	GSAMP 2007-HE1	Freddie	February 23, 2007	SouthStar, Wilmington, Senderra, First Horizon, LownHome, Home Loan, GSMC
Goldman Sachs	GSAMP 2007-HE2	Freddie	April 20, 2007	Aegis, New Century, SouthStar, GSMC
Goldman Sachs	GSAMP 2007-NC1	Fannie	February 20, 2007	New Century
Goldman Sachs	GSR 2006-OA1	Freddie	August 24, 2006	American Home, IndyMac, SunTrust, GSMC
Goldman Sachs	GSR 2007-AR2	Fannie	May 24, 2007	Countrywide, IndyMac, PHH, Wells Fargo
Goldman Sachs	GSR 2007-OA1	Freddie	May 8, 2007	Countrywide, Residential Funding, Quicken Loans, GSMC
Goldman Sachs	GSR 2007-OA2	Freddie	October 29, 2007	Residential Funding, Quicken Loans
Goldman Sachs	INDX 2005-AR18	Freddie	September 7, 2005	IndyMac
Goldman Sachs	INDX 2005-AR27	Fannie	October 28, 2005	IndyMac
<i>FHFA v. Ally Financial Inc., et al.</i>				
Goldman Sachs	RALI 2007-QH5	Freddie	May 30, 2007	Residential Funding
<i>FHFA v. Nomura Holding America Inc., et al.</i>				
Nomura	NAA 2005-AR6	Fannie	November 30, 2005	Alliance Bancorp, Aegis, Silver State
Nomura	NHELI 2006-FM1	Freddie	January 31, 2006	Fremont
Nomura	NHELI 2006-HE3	Freddie	August 31, 2006	People's Choice, First NLC, Equifirst, Mandalay
Nomura	NHELI 2006-FM2	Freddie	October 31, 2006	Fremont
Nomura	NHELI 2007-1	Freddie	January 31, 2007	Silver State
Nomura	NHELI 2007-2	Freddie	January 31, 2007	OwnIt, First NLC
Nomura	NHELI 2007-3	Freddie	April 30, 2007	ResMae, WMC
<i>FHFA v. HSBC N. Am. Holdings Inc., et. al.</i>				
HSBC	FFML 2006-FF1	Freddie	January 27, 2006	First Franklin

HSBC	FFML 2006-FF5	Freddie	May 5, 2006	First Franklin
HSBC	FFML 2006-FF7	Fannie	May 31, 2006	First Franklin
HSBC	FFML 2006-FF9	Freddie	July 7, 2006	First Franklin
HSBC	FFML 2006-FF11	Fannie	September 6, 2006	First Franklin
HSBC	HASC 2005-I1	Freddie	December 20, 2005	First Franklin, New Century, Option One
HSBC	HASC 2006-HE1	Freddie	November 3, 2006	WMC, Countrywide, New Century, Option One
HSBC	HASC 2006-HE2	Fannie	December 5, 2006	WMC, Countrywide, Decision One
HSBC	HASC 2006-NC1	Freddie	March 7, 2006	New Century
HSBC	HASC 2006-OPT1	Freddie	February 3, 2006	Option One
HSBC	HASC 2006-OPT2	Freddie	February 28, 2006	Option One
HSBC	HASC 2006-OPT3	Fannie, Freddie	April 5, 2006	Option One
HSBC	HASC 2006-OPT4	Fannie	April 28, 2006	Option One
HSBC	HASC 2007-HE1	Freddie	March 8, 2007	Accredited, Decision One, WMC, Option One, Wells Fargo
HSBC	HASC 2007-HE2	Freddie	May 4, 2007	Decision One, WMC, Countrywide, First Franklin, Accredited, New Century
HSBC	HASC 2007-OPT1	Freddie	January 30, 2007	Option One
HSBC	HASC 2007-WF1	Freddie	July 3, 2007	Wells Fargo

93. Between September 2005 and January 2008, the GSEs bought more than a quarter of a trillion dollars in PLS, including 92 certificates from defendants against whom this motion was brought. Pl.'s Br. at 4.

94. In making those purchases, the GSEs adhered to PLS purchase and monitoring processes that incorporated counterparty reviews, collateral characteristics and general originator trends into the GSEs' assessment of specific loan pools underlying the Securitizations. *See infra ¶¶ 104-229.*

### III. THE ALLEGED MISSTATEMENTS

95. [REDACTED]

[REDACTED]

[REDACTED]

## 96. Goldman Sachs.

Country	Percentage (%)
Argentina	95
Australia	94
Brazil	93
Chile	92
France	91
Germany	90
Italy	89
Mexico	88
New Zealand	87
United States	86

97. Another of FHFA's proffered experts.

cv-6198 (S.D.N.Y.) [REDACTED] in *Federal Housing Finance Agency v. Goldman, Sachs & Co., et al.*, No. 11-

*Federal Housing Finance Agency v. Ally Financial, Inc., et al.*, No. 11-cv-7010 (S.D.N.Y.),

98. [REDACTED]

[REDACTED]

[REDACTED]

99. **Nomura.** In *Federal Housing Finance Agency v. Nomura Holding*

*America Inc., et al.*, No. 11-cv-6201 (S.D.N.Y.), [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

100. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

101. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**IV. THROUGH ON-SITE VISITS AND LOAN FILE REVIEWS, THE GSES FULLY UNDERSTOOD ORIGINATORS' UNDERWRITING, APPRAISAL AND FRAUD DETECTION PRACTICES**

102. The GSEs regularly reviewed the Originators that originated the loans underlying the Securitizations at issue in these Actions.

103. Those reviews included, *inter alia*, (i) site visits and meetings with personnel from the Originators; (ii) reviews of the loan origination policies, procedures and underwriting practices of the Originators; (iii) reviews of the Originators' valuation and appraisal review policies and procedures; (iv) reviews of the Originators' abilities to detect fraud, and (v) reviews either by GSE personnel or a third party diligence vendor of a sample of loan files for recently originated loans to confirm the Originators' compliance with underwriting guidelines. *See infra ¶¶ 104-126.*

**A. Fannie Mae**

104. [REDACTED]

[REDACTED]

[REDACTED]

105. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

107.

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109. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

110. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

111. [REDACTED]

112. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

113. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

114. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

115. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

116. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

117. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

118. John Ingram was responsible for Fannie Mae's anti-predatory lending reviews. Ex. 181. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

119. One of the purposes of the Legal Department's anti-predatory operational reviews of originators was to assess compliance with certain underwriting guidelines.

[REDACTED]

120. Parts of Fannie Mae's anti-predatory lending guidelines and requirements were, in many cases, identical or substantially similar to requirements imposed by the lender's underwriting guidelines. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] The Prospectus Supplements also generally described these requirements in their discussion of Originators' underwriting guidelines. *See, e.g.*, Ex. 10 at S-37 (First Franklin's "acquisition underwriting standards are primarily intended to assess the ability and willingness of the borrower to repay the debt.") Goldman Sachs' underwriting guidelines for loans purchased through its "conduit" program prohibited "high cost . . . 'predatory' or similarly designated loans as defined under . . . applicable federal state, county or municipal statute, regulation or ordinance or mortgage loans that violate any applicable federal, state, county or municipal statute, regulation or ordinance." Ex. 119 at GS FHFA 006283922. [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

121. In addition to its “non-traditional” reviews, Fannie Mae separately reviewed originators that also were “traditional” lenders. [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

122. [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

123. SF CPRM was also responsible for reporting any material concerns it had about counterparties to Fannie Mae’s Private Label Advisory Team (the “PLAT”). [REDACTED]

124. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

125. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

126. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

127. The following Originators were among those reviewed by Fannie Mae:

128. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

129. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

130. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

131. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

132.

133.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

134. [REDACTED]

[REDACTED]

[REDACTED]

135. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

136. [REDACTED]

137. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

138. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

139. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

140. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

141. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

142. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

143. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

144. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

145. [REDACTED]

146. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

147. [REDACTED]

148. [REDACTED]

149. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

150. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

151. [REDACTED]

[REDACTED]

[REDACTED]

152. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

153. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

154. [REDACTED]

[REDACTED]

Term	Percentage
Climate change	95
Global warming	92
Green energy	88
Carbon footprint	100
Sustainable development	85
Renewable energy	82
Emissions reduction	78
Green economy	75
Carbon tax	75

155.

1. **What is the primary purpose of the proposed legislation?**

156.

Gender and Ethnicity	Percentage
White, female	7.5
White, male	5.8
Asian, female	10.1
Asian, male	6.4
Black, female	8.3
Black, male	5.4
Other ethnic group, female	7.7
Other ethnic group, male	5.3

[REDACTED]

[REDACTED]

157. [REDACTED]

158. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

159. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

160. [REDACTED]

[REDACTED]

161. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**B. Freddie Mac**

162. Freddie Mac regularly reviewed the operations and loan origination practices of the Originators. [REDACTED]

[REDACTED]

[REDACTED]

163. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

164. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

165. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

166. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

167. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

168. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

169. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

170. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

171. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

172. As shown in more detail below, *infra* ¶ 328-362, there were no information sharing restrictions on the distribution of AMO reviews. Ex. 173 at 61. ■

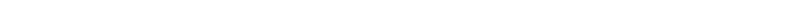
173.

174.

175.

176. Freddie Mac conducted reviews of the following Originators:

A series of seven horizontal black bars of varying lengths, decreasing from top to bottom. The bars are evenly spaced and extend across the width of the page.

177. 

Topic	Percentage
Healthcare	95%
Technology	88%
Finance	92%
Politics	85%
Entertainment	90%
Science	87%
Food	93%
Sports	89%
Business	91%
Art	86%

178. [REDACTED]

A horizontal bar chart consisting of five solid dark grey bars. The bars are positioned side-by-side and have equal widths, representing five data points or categories. There is a small gap between the bars.

[REDACTED]

[REDACTED]

179. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

180. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

181. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

182. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

183. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

185. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

186. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

187. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

188. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

189. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

190. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

191. [REDACTED]

[REDACTED]

[REDACTED]

192. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

193. [REDACTED]

194. [REDACTED]

[REDACTED]

195. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

196. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

197. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

198. [REDACTED]

[REDACTED]

199. [REDACTED]

200. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

201. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

202. [REDACTED]

203. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

204. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

205. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

206. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

207. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

208. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

209. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

210. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

211. [REDACTED]

[REDACTED]

212. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

213. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

214. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

215.

216. GSE personnel believed that pools from originators in bankruptcy were more likely to contain fraud. [REDACTED]

217.

Region	Percentage
North	10.0
South	9.8
Midlands	9.5
West	9.2
East	9.0
Scotland	8.8
Wales	8.5
London	8.2
Northern Ireland	8.0
Other	7.8

218.

A large black rectangular redaction box covering the top portion of the page content.

219. [REDACTED]

[REDACTED]

[REDACTED]

220. [REDACTED]

221. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

222. [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

223. [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

224. [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

225. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

226. [REDACTED]

227. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

228. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

229. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**V. THE GSES BELIEVED ORIGINATORS' GENERAL PRACTICES AFFECTED THE MORTGAGE LOANS**

**A. GSE Employees Believed SLG Loans Would Reflect Originators' Underwriting Practices**

**1. Fannie Mae**

230. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

231. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

232. [REDACTED]

[REDACTED]

[REDACTED]

233. [REDACTED]

[REDACTED]

[REDACTED]

234. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**2. Freddie Mac**

235. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

236. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

237. [REDACTED]

[REDACTED]

[REDACTED]

**B. Credit Reviews Reflected the Importance of Originators' General Practices**

238. Because the GSEs knew that Originators' practices significantly affected the risk presented by the Certificates they bought from Defendants, their pre-purchase credit analyses took into account the Originators in the deal. *See infra ¶¶ 269-80.*

239. Individuals involved in Freddie Mac's purchase of PLS testified that they relied on AMO reviews in deciding whether to buy PLS from Defendants. *See infra ¶¶ 455-60.*

240. [REDACTED]

241. Freddie Mac's trade tickets for the PLS it bought noted the AMO grade of the significant underlying originators. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**VI. THE GSES BELIEVED THE CERTIFICATE SLGS CONTAINED APPRAISAL BIAS**

**A. The GSEs Understood Appraisals Were Subjective Estimates of Home Value, and LTVs Could Be Understated As a Result of Inflated Appraisals**

242. The GSEs' PLS traders were aware that appraisals are subjective estimates of value. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

243. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

244. The GSEs understood that inaccurate or overstated appraisals had a direct impact on LTV ratios. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

245. [REDACTED]

246. [REDACTED]

[REDACTED]

[REDACTED]

**B. The GSEs Believed That Appraisal Bias Affected the Residential Mortgage Market**

247. As some of the largest participants in the mortgage industry, Fannie Mae and Freddie Mac had a sophisticated understanding of appraisal bias in the 2005 to 2007 time period.

**1. Freddie Mac**

248. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

249. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

250. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

251. [REDACTED]

[REDACTED]

[REDACTED]

252. [REDACTED]

[REDACTED]

[REDACTED]

253. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

254. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

255. Freddie Mac used its proprietary AVM, Home Value Explorer (or “HVE”) to assess the extent of appraisal bias among its primary counterparties. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

2. **Fannie Mae**

256. Fannie Mae also understood that there was appraisal bias in the mortgage market, and the subprime market, during the time period in question. [REDACTED]

[REDACTED]

[REDACTED]

257. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

258. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

259. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

260. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

261. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

262. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

263. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

264. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

265. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

266. [REDACTED]

[REDACTED]

[REDACTED]

267. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

### 3. OFHEO

268. OFHEO also was concerned about the risks of increasing appraisal bias. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

#### C. The GSEs understood that appraisal bias applied to subprime loans, and used AVMs in connection with PLS purchases to detect it

269. To mitigate the risks of appraisal associated with their purchases, the GSEs sometimes used AVMs to validate home appraisals before purchasing PLS. *See infra* ¶¶ 273-80, 302.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

271. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

272. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

273. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

274. Because Fannie Mae was aware of and concerned by appraisal bias, Fannie Mae also ran AVMs retrospectively to identify appraisal bias in its PLS portfolio.

275. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

276. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

277. [REDACTED]

278.

279.

280.

## **VII. THE GSES' PURCHASES OF ALT-A AND SUBPRIME LOANS DIRECTLY FROM ORIGINATORS PROVIDED UNPARALLELED INSIGHT INTO ORIGINATOR PRACTICES**

281.

282.

[REDACTED] The GSEs purchased Alt-A and subprime loans in bulk that were underwritten in whole or in part to originators' guidelines. *See supra ¶¶ 116, 281.* The GSEs conducted loan file reviews on these subprime and Alt-A loans in which they identified many of the same underwriting defects that FHFA claims exist in the SLGs, including missing documents, unreasonable stated income, failures to verify employment, owner-occupancy misrepresentations, and inflated appraisals. *See supra ¶¶ 176-22.*

**A. Fannie Mae**

283. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

284. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

285.

286. Fannie Mae performed post-purchase reviews of its Alt-A flow loans purchased through its flow channel. [REDACTED]

287.

288.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

289. [REDACTED]

290. [REDACTED]

As part of Fannie Mae's Subprime Initiative, Fannie Mae purchased subprime mortgage loans in bulk from, among others, New Century, Bank of America, Countrywide, Chase, First Franklin, Lehman Brothers, Nationstar, and Option One, all of which are originators of loans in the samples FHFA is re-underwriting in order to meet its burden to show material misrepresentations in these Actions.

291. In particular, Fannie Mae bought Alt-A and subprime loan pools purchased from the following originators at the following times.

Table Q: Fannie Mae Bulk Deals		
Chase	August 2006	Bulk Deal 16076
	November 2006	Bulk Deal 16374
	April 2007	Bulk Deal 17225
	May 2007	Bulk Deal 17382
	June 2007	Bulk Deals 17611, 17768
	July 2007	Bulk Deal 17993
	August 2007	Bulk Deal 18223
	October 2007	Bulk Deal 18319
Countrywide	September 2007	Bulk Deal 18414
	October 2007	Bulk Deal 18540
	December 2007	Bulk Deals 18792, 18934
	January 2008	Bulk Deal 18991
Wells Fargo	August 2007	Bulk Deals 18176, 18234
	September 2007	Bulk Deal 18403
	December 2007	Bulk Deal 18901
	February 2008	Bulk Deal 19085
	April 2008	Bulk Deals 19326, 19357
First Franklin	September 2006	Bulk Deal 16143
	October 2006	Bulk Deals 16333, 16502
	November 2006	Bulk Deal 16558
	August 2007	Bulk Deals 18093, 18192
	September 2007	Bulk Deal 18292, 18394
	October 2007	Bulk Deal 18535
	November 2007	Bulk Deal 18699
	December 2007	Bulk Deal 18797
Lehman Brothers	October 2007	Bulk Deal 18607
Nationstar	August 2007	Bulk Deal 18110
Bank of America	October 2007	Bulk Deal 18396

New Century	December 2005	Bulk Deal 148971
	May 2006	Bulk Deal 15611
	August 2006	Bulk Deal 16013
Option One	September 2006	Bulk Deal 16094
	May 2007	Bulk Deal 17382
	September 2007	Bulk Deal 18188

Ex. 299 at FHFA03469097-101.

292. Fannie Mae understood the collateral quality of the subprime whole loans it bought to be similar to loans underlying the PLS it bought. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

293. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

294. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
295. [REDACTED]

[REDACTED]  
[REDACTED]

**1. Detection of underwriting “defects”**

296. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

297. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]

[REDACTED]

298. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

299. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

300. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

301. [REDACTED]

[REDACTED]

[REDACTED]

**2. Detection of appraisal bias**

302. Fannie Mae reviewed the subprime loans it bought from originators for appraisal bias using its own AVM. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

303. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

304. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

305. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**B. Freddie Mac**

306. [REDACTED]

[REDACTED]

307. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

308. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

309. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

310. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] In particular, Fannie Mae

bought Alt-A and subprime loan pools purchased from the following originators at the following times:

Table R: Freddie Mac T-Deals		
Washington Mutual	February 16, 2005	Offering Circular Supplement for Series T-63
	May 18, 2005	Offering Circular Supplement for Series T-64
	December 15, 2005	Offering Circular Supplement for Series T-65
	February 22, 2006	Offering Circular Supplement for Series T-68
	March 23, 2006	Offering Circular Supplement for Series T-69
	May 19, 2006	Offering Circular Supplement for Series T-70
	June 20, 2006	Offering Circular Supplement for Series T-71
	October 26, 2006	Offering Circular Supplement for Series T-73
Countrywide	December 14, 2005	Offering Circular Supplement for Series T-66
	February 24, 2006	Offering Circular Supplement for Series T-67
Wells Fargo	July 30, 2007	Offering Circular Supplement for Series T-74
	October 26, 2007	Offering Circular Supplement for Series T-77
	May 19, 2006	Offering Circular Supplement for Series T-70
Bank of America	June 19, 2008	Offering Circular Supplement for Series T-80
	April 29, 2008	Offering Circular Supplement for Series T-82
Ameriquest	September 27, 2006	Offering Circular Supplement for Series T-72
MortgageIT, Inc.	October 23, 2007	Offering Circular Supplement for Series T-76
Equifirst	January 23, 2008	Offering Circular Supplement for Series T-78

312. Freddie Mac T-Deal offering materials disclose it purchased loans underwritten to originator guidelines:

- “All of the Mortgage Loans to be acquired by the Issuing Entity from the Depositor were originated generally in accordance with First Franklin Financial’s Underwriting Guidelines.” Ex. 321 at 28.
- “As set forth in the Pooling and Servicing Agreement, all of the Mortgage Loans were originated in accordance with certain Wells Fargo Bank Underwriting Guidelines (as defined in the Pooling and Servicing Agreement) in effect at the time of the related origination . . . .” Ex. 322 at 30.
- “As set forth in the Pooling and Servicing Agreement, all of the Mortgage Loans were originated in accordance with certain Wells Fargo Bank Underwriting Guidelines (as defined in the Pooling and Servicing Agreement) in effect at the time of the related origination . . . .” Ex. 320 at 29.
- “All of the Mortgage Loans in the trust fund will have been originated or acquired by Countrywide Home Loans in accordance with its credit, appraisal and underwriting standards.” Ex. 323 at 52.
- “All of the mortgage loans were originated by Countrywide Home Loans, Inc. (“Countrywide” or the “originator”). The mortgage loans were originated in accordance with the underwriting guidelines described under ‘Mortgage Loan Origination—Underwriting Standards’ herein.” Ex. 318 at 104.
- “As set forth in the Pooling Agreement, all of the Mortgage Loans were originated in accordance with certain Seller Underwriting Guidelines (as defined in the Pooling Agreement) in effect at the time of the related origination.” Ex. 324 at 21.
- “As set forth in the Pooling Agreement, all of the Mortgage Loans were originated in accordance with certain Seller Underwriting Guidelines (as defined in the Pooling Agreement) in effect at the time of the related origination.” Ex. 325 at 21.
- “All of the Mortgage Loans acquired by the Seller were originated in accordance with guidelines (the ‘Underwriting Guidelines’) established by the Originator as described below.” Ex. 326 at S-29.
- “As set forth in the related Pooling Agreement, all of the Mortgage Loans were originated in accordance with certain Seller Underwriting Guidelines (as defined in the related Pooling Agreement) in effect at the time of the related origination.” Ex. 319 at 24.

- “Each Underlying Mortgage Loan was originated with credit, appraisal and underwriting guidelines applied by the related originator to evaluate the prospective borrower’s credit standing and repayment ability and the value and adequacy of the mortgaged property as collateral in accordance with applicable federal and state laws and regulations.” Ex. 327 at 25.

313. Through these transactions, Freddie Mac purchased in bulk the same kind of collateral that they bought through PLS transactions:

[REDACTED]

[REDACTED]

[REDACTED]

1. **Detection of underwriting “defects”**

314. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

315. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

316. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

317. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

318. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

319. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

320. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

321. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**2. Detection of appraisal bias**

322. Beginning in 2006, Freddie Mac identified the risk of appraisal bias in the subprime loans it bought in its T-Deals, and began to run AVMs internally on those loans. [REDACTED]

[REDACTED]

323. [REDACTED]

324. [REDACTED]

325. Freddie Mac's due diligence results also reflected discrepancies between the AVM home value and the loan tape. [REDACTED]

326. [REDACTED]

327. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**VIII. THE GSES' BUSINESS UNITS READILY SHARED INFORMATION WITH VIRTUALLY NO BARRIERS**

328. As described above, between 2005 and 2007, the GSEs' businesses operated both Single Family and "Capital Markets" (or "PLS") business units. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

329. [REDACTED]

[REDACTED]

[REDACTED]

**A. Fannie Mae**

330. [REDACTED]

[REDACTED]

[REDACTED]

Several executives with Fannie Mae had dual responsibilities for both PLS and Single Family. [REDACTED]

[REDACTED]

[REDACTED]

331. Fannie Mae's corporate infrastructure reflected this unified approach to risk management. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

332. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

333. Fannie Mae's cross-functional risk management structure was not unique to its executive committees. Like its high-ranking committees, Fannie Mae's counterparty risk divisions used information gleaned from Single Family assessments to inform its PLS purchase decisions. [REDACTED]

[REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

334. The results of SF CPRM's operational reviews were transmitted to both Single Family and PLS personnel. [REDACTED]

[REDACTED]  
[REDACTED]

335. [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

336. [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

337. Fannie Mae's legal department received loan level anti-predatory lending reports on both Single Family purchases and on PLS bonds backed by subprime collateral. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

338. [REDACTED]

[REDACTED]

[REDACTED]

339. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

340. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

341.

Topic	Percentage
Healthcare	95%
Technology	92%
Finance	88%
Politics	85%
Entertainment	82%
Science	78%
Sports	75%
Food	72%
Travel	68%
Business	65%

342.

A series of six horizontal black bars of varying lengths, decreasing from top to bottom. The top bar is the longest, followed by a shorter bar, then a very long bar, then a medium bar, then a long bar, and finally the shortest bar at the bottom.

343.

[REDACTED]

[REDACTED]

[REDACTED]

**B. Freddie Mac**

344. Like Fannie Mae, Freddie Mac recognized the benefit of a centralized credit risk structure that accounted for both PLS and Single Family risks. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

345. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

346. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

347. In 2007, Freddie Mac created a Subprime Business Steering Committee to manage the risks associated with untested mortgage products. [REDACTED]

348. [REDACTED]

349. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

350. [REDACTED]

[REDACTED]

[REDACTED]

351. Freddie Mac’s Mortgage Investments and Structuring Group which was responsible for “[m]anag[ing] all outright purchases and sales of mortgages and mortgage-backed securities,” oversaw transactions related to both “single-family whole loans” and “non-agency mortgage-backed securities.” Ex. 354 at FHFA1482084. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**C. “Chinese Walls” Did Not Preclude Information Sharing within the GSEs**

352. Although both GSEs had purported “Chinese wall[s]” restricting the transmission of loan-level information to PLS traders, those information sharing barriers applied very narrowly. *See, e.g.*, Ex. 74 at 212:22-25.

**1. Freddie Mac**

353. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

354. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

355. [REDACTED]

356. In December 2006, Freddie Mac committed to purchase PLS backed by loans from the very same loan pool that the Single Family unit purchased contemporaneously as whole loans. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

357. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**2. Fannie Mae**

358. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Fannie

Mae's "subprime weekly" reports were also shared with PLS traders and contain information about subprime and Alt-A whole loan market trends. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

359. Fannie Mae credit analysts also had access to information from the Single Family business. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

360. [REDACTED]

361. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

362. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**IX. THE GSES' KNEW ABOUT FRAUD AND VALUATION RISKS IN NON-TRADITIONAL LOAN PRODUCTS AND FACTORED THEM INTO THEIR PRE-PURCHASE ANALYSIS OF PLS**

**A. The GSES Were Aware of Risks in No- and Low-Document Lending**

363. During 2005-2007, Fannie Mae required pre-purchase review and analyses of the PLS. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

364. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

365. During 2005-2008, Freddie Mac policy required credit analysis on PLS purchases that included an analysis of loan-level information and counterparty information.

[REDACTED]

[REDACTED]

[REDACTED] The credit analysis procedures recognized the riskiness of certain types of loans, differentiating between PLS backed by subprime and Alt-A loans. Ex. 376 at FHFA00519468. [REDACTED]

[REDACTED]

[REDACTED]

**B. The GSEs Accounted for the Risks of No- and Low-Doc Loans in Their Purchases of PLS**

366. The GSEs learned from their pre-purchase credit reviews numerous characteristics about the loan pools in which they were purchasing an interest, including underlying originators, the type of loans (particularly low- or no-documentation loans), the geographic distribution of the loans, and the LTV distribution. These reviews therefore informed

the GSEs that they were purchasing certificates backed by stated income/stated asset, or no income/no asset, loans, which the GSEs knew contained certain risks. Ex. 65 at 150:24-151:17; Ex. 377 at 332:5-10; Ex. 63 at 281:23-282:2.

367. Freddie Mac pre-purchase reviews focused on the presence of no or low-documentation loans. [REDACTED]

368.

369.

370. Similarly, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

371. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

372. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

373.

374.

375. Freddie Mac likewise altered dealer-provided information to compensate for appraisal bias and underestimated LTV ratios in the loans backing its PLS purchases. ■

376.

377

378. As early as October 2004, Freddie Mac was aware that the subprime reduced documentation loans being originated were susceptible to appraisal fraud or bias.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

379. [REDACTED]

[REDACTED]

[REDACTED]

380. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

381. During the 2005 to 2007 time period, the GSEs actively sought to purchase loans that met their HUD-mandated housing goals. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

382. The GSEs received loan tapes from dealers like Goldman Sachs pursuant to confidentiality agreements and designated loans as accepted or rejected based on whether they met housing goals, among other reasons. [REDACTED]

**X. THE GSES' POST-PURCHASE MONITORING INFORMED THEM OF DEPARTURES FROM UNDERWRITING GUIDELINES AND FRAUD**

383. Both GSEs monitored the performance of their PLS purchases and discovered indications that loans had not been originated to underwriting guidelines. *See infra* ¶ 384-411.

384.

**1. Freddie Mac**

385. For example, Freddie Mac received remittance reports in August 2006 for GSAMP 2005-HE6, which contained Fremont-originated loans. This report showed that the loan pool in that securitization had a delinquency rate of 10.64% less than a year after Freddie's December 29, 2005 purchase. Ex. 397 at 11.

386. Freddie Mac received remittance reports in August and September 2006 for other Fremont originated deals it purchased showing similarly high delinquency rates. Exs. 398-400.

387. In addition to analyzing securitization-specific remittance reports from the deal trustees, Freddie Mac's monitoring included the following:

- **I&CM Credit Committee Packages (Non-Agency).** [REDACTED]
- **Enterprise Risk Management Committee Reports.** [REDACTED]
- **Counterparty Scorecards (the "MABS scorecard and watchlist").** [REDACTED]

388. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

2. **Fannie Mae**

389. In addition to receiving securitization-specific remittance reports from the deal trustees, Fannie Mae's monitoring included the following:

- **PLS Transaction “Watch Lists” Memoranda.** [REDACTED]
- **PLS Transaction “Trends Analysis” Reports.** The PLAT also received monthly transaction “trends analysis” describing Fannie Mae’s recent purchases and its counterparty exposure. [REDACTED]
- **PLS “Credit Trends” Reports.** [REDACTED]
- **PLS Counterparty Approved Lists.** SF CPRM was responsible for providing the PLAT with lists of PLS counterparties reflecting each counterparty’s status, recent operational reviews and other information. [REDACTED]

- **Quarterly Private Label Securities Updates for the Firmwide Risk Committee.** Fannie Mae's Corporate Risk Management Committee received quarterly updates on PLS, including market trends and counterparty status reports. [REDACTED]

390. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**B. Both GSEs Believed that EPDs May Reflect Loan Defects**

391. EPDs are delinquencies early in the life of a loan. Ex. 122 at 316:11-316:16; Ex. 71 at 527:18-528:9; Ex. 68 at 388:1-388:11; Ex. 413 at 193:15-195:16; Ex. 66 at 360:8-16; Ex. 166 at 195:4-196:3; Ex. 414 at 57:7-16.

392. [REDACTED]

[REDACTED]

A series of 15 horizontal black bars of varying lengths, decreasing from top to bottom. The bars are evenly spaced and extend across the width of the frame.

393.

A horizontal bar chart consisting of six dark grey bars. The bars are arranged in a descending order of length from left to right. The first bar is the longest, and the sixth bar is the shortest. The bars are separated by small gaps and are set against a white background.

394. [REDACTED]

**1. Both GSEs observed increased EPDs through 2006-2007**

395. GSE personnel observed increased delinquencies and EPDs by the end of 2006, including:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

A series of seven horizontal black bars of varying lengths, decreasing from top to bottom. Each bar is preceded by a small black vertical tick mark on the left side.

396. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

397. Remittance reports reviewed by the GSEs showed increasing numbers of EPDs in the loans underlying the Certificates. For example, according to the Certificates' remittance reports, by mid-2007 several of the Certificates contained more than 4% of loans that were 60 or more days delinquent on payment. *See generally e.g.*, Ex. 427; Ex. 490; Ex. 491.

398. In 2006 and continuing into early 2007, GSE personnel were informed of and personally observed the correlation between EPDs, fraud, and weaknesses in origination practices. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

399. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

400. During the first few months of 2007, GSE personnel observed increased rates of delinquencies and EPDs in subprime and Alt-A mortgage-backed securities. For example:

[REDACTED]

[REDACTED]

401. In Spring 2007, the GSEs observed further deterioration in the performance of their PLS holdings:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

402. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**C. Fannie Mae's Consultant Warned of Rising EPDs**

403. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

404. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

405. [REDACTED]

406. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

407. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

408. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

409. [REDACTED]

410. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

411.

A horizontal bar chart consisting of 12 dark grey bars of varying lengths. The bars are arranged in a descending order of length from top to bottom. The top bar is the longest, and the bottom bar is the shortest. The bars are set against a white background with no grid lines.

**XI. THE GSES MONITORED PUBLIC INFORMATION ABOUT ORIGINATORS AND PROBLEMS IN THE SUBPRIME MARKET TO INFORM THEM ABOUT THEIR PLS HOLDINGS AND FUTURE PURCHASES**

412. As part of their counterparty and general market monitoring, the GSEs gathered and analyzed public information about originators and mortgage industry trends during the relevant period.

413. Fannie Mae traders wrote "subprime weekly updates" summarizing significant news reports and developments in the subprime PLS markets, which they sent to a broad distribution list. [REDACTED]

414. [REDACTED]

415. An August 30, 2006 *Wall Street Journal* article titled “Mortgage Market Begins to See Cracks as Subprime-Loan Problems Emerge,” identified Fremont as “among the mortgage lenders reporting declines in timely payments by subprime borrowers.” Ex. 444 at FHFA00516422-23. The article went on to discuss indicators of “widespread” problems in the subprime market, including vulnerabilities to underwriting defects. *Id.*

416. A Barclay’s Sub-Prime Intelligence Report dated March 7, 2007, circulated within Fannie Mae, reported: “[T]he recent woes in sub-prime can be traced to other factors such as poor underwriting in the 2006 vintage, coupled with mortgage fraud. A study recently published by BasePoint Analytics claims that as much as 70% of EPD may be “linked to a significant misrepresentation on the original loan application. While it is very difficult to quantify the actual linkage to fraud, we agree with this assessment.” Ex. 445 at FHFA01642741.

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] Similar information concerning problems in the subprime market were widely circulated within the GSEs. *E.g.* Ex. 447 at FHFA12500557-58; Ex. 448 at FHFA00305248.

417.

A horizontal bar chart consisting of 15 solid black bars. The bars are arranged vertically from top to bottom. The lengths of the bars decrease progressively, with the longest bar at the top and the shortest bar at the bottom. The bars are set against a white background with no grid lines or other markings.

418. During the first three months of 2007, multiple originators of subprime and Alt-A loans announced significant losses or declared bankruptcy, in part due to their inability to meet increasing repurchase demands triggered by EPDs. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

419. In June 2007, Fitch Ratings published a report indicating that mortgage loans that experienced delinquencies within the first 12 months of a PLS's life had an "expected lifetime liquidation rate" above 40%. Ex. 454 at ML\_FHFA16758729. Fitch specifically associated early delinquencies with borrower misrepresentation, observing that delinquencies early in the life of a deal are correlated with higher lifetime default because "if you have early payment defaults in a transaction," "it would be a fraudulent issue," such as "the borrower had identified that they were living in the property, but they were in fact not living in the property." Ex. 455 at 234:5-235:1.

420. On July 10, 2007, Moody's downgraded 399 PLS certificates from the 2005 and 2006 vintages of PLS backed by subprime and Alt-A loans and placed an additional 32 PLS certificates on review for possible downgrade. Ex. 456 at FHFA00118033. The Moody's press release announcing these hundreds of PLS downgrades stated:

- Moody's "rating actions reflect rigorous review of all 2006 subprime RMBS deals," undertaken after a survey of market participants "to get their perspective on the drivers of the 2006 vintage performance and their expectations about future losses."
- "Recent data shows that the first lien subprime mortgage loans securitized in 2006 have delinquency rates that are higher than original expectations," and "were originated in an environment of aggressive underwriting."
- "Moody's has noted a persistent negative trend in severe delinquencies for first lien subprime mortgage loans securitized in 2006. For example, the 90+ day delinquency rate for loans securitized in 2006 has increased from 7.9% in March 2007 to 10.8% in May 2007."
- "Moody's analysis shows that the transactions backed by collateral originated by Fremont Investment & Loan, Long Beach Mortgage Corporation, New Century Mortgage Corporation and WMC Mortgage

Corp. have been performing below the average of the 2006 vintage and represent about 60% of the rating actions taken today.”

421. Moody’s held a press conference on July 12, 2007, at which it stated that “[t]hrough these months of dialogue with the market, we have also understood the trends in the collateral showing three types of weaknesses[,]” including “misrepresentations called by the industry soft fraud like occupancy or stated income and appraisal inflation.” Ex. 457 at 4.

422. The July 10, 2007 S&P press release announcing the negative watch actions stated:

- “New data reveals that delinquencies and foreclosures continue to accumulate at an increasing rate for the 2006 vintage. We see poor performance of loans, early payment defaults, and increasing levels of delinquencies and loss.” Ex. 458 at FHFA00118058.
- Poor collateral performance was “evidence of lower underwriting standards and misrepresentations in the mortgage market” and “current [reported] findings of fraud were in excess of previous industry highs.” *Id.* at FHFA00118058.
- “Data quality concerning some of the borrower and loan characteristics provided during the rating process has also come under question.” *Id.* at FHFA00118059.
- The unreliable data borrowers and loan originators had provided included “key risk variables that have historically influenced default patterns, such as FICO, LTV, and ownership status.” *Id.* at FHFA00118059.
- “The loan performance associated with the data to date has been anomalous in a way that calls into question the accuracy of some of the initial data provided to us regarding the loan and borrower characteristics.” *Id.* at FHFA00118059.
- “Reports of alleged underwriting fraud tend to grow over time, as suspected fraud incidents are detected upon investigation following a loan default.” *Id.* at FHFA00118059.
- The downgrades resulted in part from “loosened underwriting at the time of loan origination, misrepresentation and speculative borrower behavior,” and “given the level of” these phenomena “reported for the 2006 vintage, we will be increasing our review of the capabilities of lenders to minimize

the potential and incidence of misrepresentation in their loan production.” *Id.* at FHFA00118062.

423. On August 2, 2007, less than a month after the July 10, 2007 downgrades, Moody’s stated that it had increased its loss expectations for PLS because “[t]he incidence of first and early payment defaults rose markedly for 2006 vintage loans” and that “[p]art of this phenomenon may be related to borrower and appraiser misrepresentations in the origination process.” Ex. 459 at JPMC\_DBNTC\_0005413666.

**XII. FANNIE MAE KNEW OF LOANS WITH DTI EXCEPTIONS, UNREASONABLE INCOME, AND OTHER PURPORTED DEFECTS THROUGH ANTI-PREDATORY LENDING REVIEWS OF PLS PURCHASES**

424. [REDACTED]

[REDACTED]

[REDACTED]

425. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

426. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

427. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

428. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

429. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

430. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

431. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

XIII. [REDACTED]

432. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

433. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

434.

#### XIV. THE GSES DOUBTED STATEMENTS IN THE OFFERING MATERIALS

435. Prior to and after the July 10, 2007 downgrades and placements on negative watch of hundreds of PLS certificates, [REDACTED]

436.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

437. [REDACTED]

[REDACTED]

438. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

439. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

440. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

441. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

442. [REDACTED]

[REDACTED]

[REDACTED]

**XV. THE GSES KNEW DEFENDANTS' SAMPLING PRACTICES WOULD NOT ELIMINATE ALL DEFECTS IN THE SLGS**

443. The offering documents for the Securitizations described the process through which loans in the SLG were originated and securitized. For example, the prospectus supplement for the FFMLT Trust 2006-FF13 stated that First Franklin Financial Corporation originated the underlying loans and sold those loans to the securitization's sponsor, Goldman Sachs Mortgage Company. Ex. 10 at S-5, S-36-37. Similarly, the prospectus supplement for GSR 2007-OA2 states that Residential Funding Company, LLC, Quicken Loans Inc. and other originators originated and sold the mortgage loans in the SLGs to the securitization sponsor, Goldman Sachs Mortgage Company. Ex. 2 at S-10, S-12.

444. Goldman Sachs disclosed in its offering documents that while it “may elect to-reunderwrite *some* of the mortgage loans based upon our own criteria,” it would “not undertake any independent investigations of the creditworthiness of particular obligators.” Ex. 10 at 29. In addition, Goldman Sachs’ base prospectuses disclosed that Goldman Sachs utilized sampling in conducting credit and compliance due diligence on the mortgage loans. *See, e.g.*, Ex. 15 at 27.

445. The offering materials also disclosed that exceptions to origination guidelines were made “based upon compensating factors,” Ex. 10 at S-38, and that “[i]t is expected that a substantial portion of the mortgage loans may represent such underwriting exceptions.” *Id.* The offering materials for FFML 2005-FF11 also have identical language. Ex. 9 at S-35. [REDACTED]

[REDACTED]

[REDACTED]

446. In addition, as the offering documents disclosed, Originators typically provided representations and warranties—contractual commitments about the characteristics of the underlying loan pool—to investors as part of the loan sale agreements, including terms that the loans complied with the underwriting guidelines and did not contain fraud. *See, e.g.*, Ex. 9 at S-46; Ex. 39 at S-90; *see also infra ¶ 461*. A Freddie Mac Offering Circular dated October 14, 2005 disclosed that “[w]hen [Freddie Mac] purchase[s] a Mortgage, we rely on representations and warranties of the seller with respect to certain matter, as is customary in the secondary mortgage market. These representations and warranties cover such matters as: [t]he accuracy of the information provided by the borrower;” and “[t]he accuracy and completeness of any third

party reports prepared by qualified professionals, such as property appraisals and credit reports.” Ex. 337 at 20.

447. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**A. Fannie Mae**

448. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED].

449. [REDACTED]

[REDACTED]

[REDACTED]

450. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

451. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

452. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

453. [REDACTED]

[REDACTED]

[REDACTED]

454. [REDACTED]

[REDACTED]

[REDACTED]

**B. Freddie Mac**

455. [REDACTED]

[REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

456. [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED].

457. [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

458. [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

459. [REDACTED]

[REDACTED]  
[REDACTED]

460. [REDACTED]

**XVI. THE OFFERING MATERIALS INFORMED INVESTORS THAT THE SECURITIZATIONS WOULD INCLUDE DEFECTIVE LOANS**

461. The prospectus supplements for the Securitizations typically disclosed that Originators would be obligated to repurchase Mortgage Loans under certain conditions, including if the loans breached the Originators' representations and warranties. As shown in Table S, representations and warranties typically stated that Mortgage Loans would be repurchased if they included borrower fraud. They also typically disclosed that Originators may be unable to repurchase "defective loans."

**Table S: Repurchase Representations & Warranties Concerning Fraudulent and Defective Loans**

Securitization	Prospectus and/or Prospectus Supplement Pages
ACCR 2005-4	S-12 to S-13; S-86; S-96; S-98
AHMA 2006-1	S-10
FFML 2005-FF8	S-11 to S-12; S-21; S-22; S-45; S-49; S-50
FFML 2005-FF11	S-12; S-22; S-46; S-50; S-51
FFML 2006-FF13	S-11; S-14; S-16 to S-17; S-25; S-57; S-61; S-62
FHLT 2006-E	11; 17; 25; 66
GSAA 2005-11	S-15; S-26; S-28; S-68; S-71
GSAA 2005-14	S-16; S-26 to S-27; S-27; S-29; S-64; S-67; S-68
GSAA 2005-15	S-16; S-26 to S-27; S-27; S-29; S-68; S-71
GSAA 2006-2	S-17; S-23; S-33; S-76; S-81
GSAA 2006-4	S-21; S-30; S-32 to S-33; S-62; S-64 to S-65
GSAA 2006-5	S-19; S-24; S-33; S-34; S-36; S-82; S-85; S-86
GSAA 2006-8	S-19; S-25; S-35; S-87; S-90
GSAA 2006-11	S-20; S-25; S-36; S-87; S-90; S-91
GSAA 2007-6	S-22; S-27; S-41; S-97; S-100; S-128
GSAMP 2005-AHL2	S-14; S-16; S-26; S-54; S-58 to S-59
GSAMP 2005-HE5	S-13; S-15; S-25; S-53; S-55 to S-56
GSAMP 2005-HE6	S-13; S-15 to S-16; S-26; S-63; S-66 to S-67

**Table S: Repurchase Representations & Warranties Concerning Fraudulent and Defective Loans**

<b>Securitization</b>	<b>Prospectus and/or Prospectus Supplement Pages</b>
GSAMP 2005-WMC2	S-12; S-14; S-23 to S-24; S-53 to S-54; S-57 to S-58
GSAMP 2005-WMC3	S-11; S-13; S-22; S-52; S-56; S-57
GSAMP-2006 FM1	S-12; S-15 to S-16; S-18; S-27; S-59; S-64 to S-65
GSAMP 2006-FM2	S-13; S-16; S-19; S-28; S-57 to S-58; S-62 to S-63
GSAMP 2006-FM3	S-13 to S-14; S-18; S-20; S-29; S-60; S-64; S-65
GSAMP 2006-HE3	S-14 to S-15; S-19; S-21; S-72; S-75 to S-76
GSAMP 2006-HE4	S-15; S-19; S-21; S-69; S-72 to S-73
GSAMP 2006-HE5	S-15; S-18; S-20 to S-21; S-67; S-70; S-71
GSAMP 2006-HE7	S-15; S-18; S-20 to S-21; S-65; S-68; S-69
GSAMP 2006-HE8	S-15; S-18; S-20 to S-21; S-66; S-69
GSAMP 2006-NC2	S-13; S-16; S-19; S-28; S-62; S-66; S-67
GSAMP 2007-FM1	S-15; S-19; S-21; S-31; S-60; S-64; S-65
GSAMP 2007-FM2	S-14 to S-15; S-19; S-21 to S-22; S-32; S-66; S-70; S-71
GSAMP 2007-HE1	S-15; S-19; S-21; S-30 to S-31; S-61; S-63 to S-64
GSAMP 2007-HE2	S-14 to S-15; S-20; S-22; S-32; S-71; S-73 to S-74
GSAMP 2007-NC1	S-14 to S-15; S-18; S-20; S-30; S-64; S-69; S-70
GSR 2006-OA1	S-20; S-26; S-29; S-37; S-63 to S-64; S-68 to S-69
GSR 2007-AR2	S-18; S-30 to S-31; S-90; S-94 to S-95
GSR 2007-OA1	S-23; S-30; S-33; S-45; S-79; S-84
GSR 2007-OA2	S-22; S-28; S-30; S-40; S-66; S-71
INDX 2005-AR18	S-18; S-29; S-32; S-70
INDX 2005-AR27	S-13; S-15; S-34; S-37; S-62
RALI 2007-QH5	S-12; S-41
FFML 2006-FF1	S-3; S-10; S-25; S-41; S-46; S-71; S-81
FFML 2006-FF5	S-3; S-11; S-28; S-46; S-50; S-79; S-81
FFML 2006-FF7	S-3; S-11; S-27; S-44; S-49; S-78; S-80
FFML 2006-FF9	S-3; S-11; S-27; S-44; S-48; S-49; S-78; S-79
FFML 2006-FF11	S-3; S-10; S-26; S-44; S-48; S-49; S-77; S-79
HASC 2005-I1	S-19; S-20; S-41-42; S-46
HASC 2006-HE1	S-3; S-10; S-29; S-62; S-65-66; S-97; S-99
HASC 2006-HE2	S-3-4; S-11; S-29-30; S-62; S-66-67; 100; S-102

**Table S: Repurchase Representations & Warranties Concerning Fraudulent and Defective Loans**

<b>Securitization</b>	<b>Prospectus and/or Prospectus Supplement Pages</b>
HASC 2006-NC1	S-3; S-9; S-25; S-43; S-46-47; S-74; S-75
HASC 2006-OPT1	S-3; S-9; S-25-26; S-43; S-46-47; S-73; S-74; S-101
HASC 2006-OPT2	S-3; S-9; S-25-26; S-42; S-46-47; S-73; S-75;
HASC 2006-OPT3	S-3; S-9; S-26; S-43; S-48; S-76; S-78;
HASC 2006-OPT4	S-3; S-10; S-27; S-44; S-48-49; S-78; S-80
HASC 2007-HE1	S-3; S-10; S-16; S-28-29; S-47; S-51-52; S-82-83
HASC 2007-HE2	S-3; S-11; S-17; S-29; S-60; S-64
HASC 2007-OPT1	S-3; S-9; S-26; S-44; S-48; S-78; S-80
HASC 2007-WF1	S-3; S-9; S-16; S-29; S-67; S-71-72;
NAA 2005-AR6	44-47
NHELI 2007-FM1	6; 73-75;
NHELI 2007-HE3	S-143-44
NHELI 2007-FM2	5; 75-76; S-166;
NHELI 2007-1	5; 75-76; S-3; S-4
NHELI 2007-2	5-6; 75-76; S-3
NHELI 2007-3	5-6; 75-76; S-3

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